FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,935 Tuesday August 7 1979 20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Carey to host 'talks on Ulster'

Governor Hugh Carey of New York, one of the leaders of the Irish-American community in the U.S., is hoping to chair a meeting between senior British and Irish Ministers on Northern Ireland in New York in September.

Mr. Carey told a press conference that Mr. Humphrey Atkins, the Northern Ireland Secretary and Mr. Michael O'Kennedy, the Republic of Ireland's Foreign Minister, had agreed to what he called "a peace parley."

The Northern Ireland Office confirmed last night that Mr. Atkins had been invited by Mr. Carey to New York when the two met in London last week. Mr. Atkins said he would certainly consider the possibility."

The Rev. Ian Paisley, leader of Ulster's Democratic Unionists said he would cease all communication with Mr. Atkins if he opened negotiations with people outside Northern Ireland.

Hijackers give in

Three armed deserters from the Spanish Foreign Legion surrendered to Swiss police at Geneva Airport after arriving from Lisbon aboard the airliner they hijacked in the Canary Islands on Sunday.

Stonehouse move

John Stonehouse, the jailed former Labour Minister, will be freed on parole next Tuesday after serving less than half of a seven-year sentence for theft, fraud and deception.

Refugee dilemma

The British freighter Ruddbank will be refused permission to enter Hong Kong today unless Britain accepts responsibility for 122 Vietnamese refugees on board, said a Hong Kong Government spokesman.

Iranian ban

Iran has imposed a two-month ban on foreign journalists visiting the country following Revolutionary Council anger over critical reporting of the regime. Three people, including one connected with oil pipeline sabotage, have been executed. Page 3

DC-10 campaign

McDonnell Douglas, maker of the DC-10, has begun a worldwide advertising campaign to restore customer confidence in the aircraft following the crash at Chicago in May which killed 273 passengers and crew. Page 6

Inquiry decision

John Nott, the Secretary for Trade, has decided not to hold a public inquiry into the accident to a Dan-Air HS-748 airliner at Sumburgh Airport, Shetlands, on July 31, which killed 17 of the passengers and crew aboard.

Health bosses

The Government has appointed five commissioners to take over the duties of the 33 members of Lambeth, Southwark and Lewisham Area Health Authority, who were suspended after they voted not to cut spending by £5m to stay within Government limits. Page 5

Channel champ.

Marcus Hooper, from Kidbrooke, South London—whose 12th birthday was on July 14—became the youngest ever Channel swimmer less than 24 hours after the title had been claimed by 12-year-old South African Kevin Anderson.

Briefly . . .

Members of the print union, SLADE returned to work at Times Newspapers after accepting a new operating agreement.

Lava, which had threatened to engulf villages on the slopes of Mount Etna in Sicily, has stopped flowing.

BUSINESS

Gold $5¼ down; silver declines

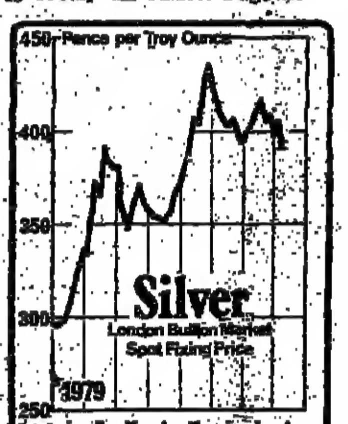
● EQUITIES held steady, with changes largely reflecting special situations, and the FT ordinary index closed 2.1 up at 459.6.

● GILTS were little changed, with the Government Securities index 0.09 down at 72.70.

● STERLING fell sharply on the announcement of July's Wholesale Price Index, and the pound lost 3.05 cents to $2.2390. Its trade-weighted index fell from 72.4 to 71.5, while the dollar's eased to 84.5 (84.6).

● GOLD fell $5¼ to $282¾ in London.

● SILVER prices declined with the spot quotation cut by 6.35p to 390.2p an ounce. Page 23



● WALL STREET was 0.60 down at 845.56 just before the close.

● LONDON BRICK plans to spend £60m on replacing most of its brick producing capacity in Bedfordshire. With proposals already announced, this forms a 15-year investment programme involving expenditure of £75m, the largest the company has ever undertaken. Back Page

● BOWATER, the papermaking company, has warned that it may have to make severe cuts in newsprint production because of underselling by Canadian and Scandinavian producers. Another UK manufacturer, Reed has warned customers it may cease production entirely. Back Page; News Analysis; Page 7

● UK CONSTRUCTION industries' output recovery in 1978 will not be maintained either this year or next, according to industry forecasts. Page 7

● ROYAL ARSENAL Co-operative Society and the South Suburban Society have agreed in principle to merge in response to continuing fierce high street trading competition. Back Page

● SOVIET UNION and China have signed a trade agreement for 1979 providing for a trade turnover of about £241m. Page 4

● AUSTRALIAN Government is to sell its 50 per cent stake in the £157m Ranger uranium deposit in the East Alligator River region of the Northern Territory, one of the world's richest uranium areas. Back Page

LABOUR

● POST OFFICE workers whose four-month industrial action has halted computer telephone billing have narrowly rejected by ballot a pay offer worth up to 20 per cent to some grades. Back Page

COMPANIES

● ELLIS & EVERARD pre-tax profits for the year ended April 30 rose to £1.05m (£969,000). Page 16

● REVLON, the second-largest U.S. cosmetics manufacturer, is to diversify into the medical equipment field with the $400m purchase of Technicon, maker of medical testing and information systems. Page 20

UK manufactured goods show sharp price rises

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE prices of British manufactured goods are now rising rapidly following the big increases in labour and raw material costs since the winter. The main impact on shop prices should be felt before the end of the year.

The wholesale prices indices, published yesterday by the Industry Department confirm that the inflation outlook would be much worse but for the strength of sterling since the spring. This has offset some, though not all, of the effects of the sharp rise in the dollar price of many commodities, particularly oil.

The cost pressures are reflected in a 2.2 per cent rise last month in the price index for manufactured products to 174.5 (1975=100). This is the largest monthly rise for more than two years and roughly half the increase is explained by higher prices for petroleum products.

The acceleration in inflation is highlighted by comparisons of the 9.1 per cent jump in this index in the last six months and the 4 per cent rise in the previous half-year.

Moreover the wholesale price indices exclude value-added tax. The big rise in VAT after the Budget will, however, show up in the retail prices index due to be published at the end of next week.

This is expected to indicate a rise in the 12-month rate up to more than 15 per cent in mid-July compared with 11.4 per cent in the previous month.

The 12-month rate of retail price inflation is expected to rise to between 16 and 17½ per cent by the end of the year. Its trend thereafter will depend on the next pay round, on the level of sterling and on the impact of the world recession on commodity prices.

It is possible that these influences will in combination restrain inflation next year and the worst pressures may therefore already be in the pipeline.

The recent rapid increase in the price of manufactured products has partly been the result of the big pay deals of the past year but it may also reflect a bunching of rises following the end of price controls as companies have sought to improve or maintain their profit margins.

The key to the recent acceleration is the sharp rise this year in raw materials costs. There was practically no change last month in this index at 164.7 (1975=100) but the June index has been revised sharply upwards to take account of the back-dating of the rise in crude oil prices.

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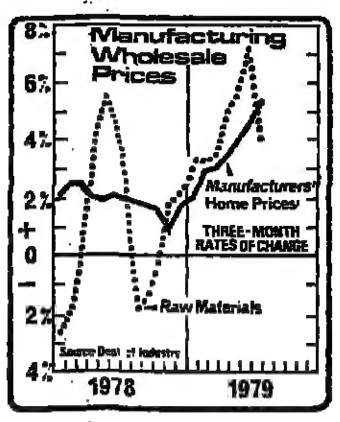
Dramatic rise in sales preceded higher VAT Page 5



WHOLESALE PRICES (1975=100)

		Raw Materials	Output (Home Sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.1	157.3
1979	1st	152.2	161.6
	2nd*	161.3	168.0
	Apr.	158.4	165.5
	May	161.0	167.7
	June*	164.5	170.8
	July*	164.7	174.5

* Provisional.

Source: Department of Trade

Backing for engineering strike above expectation

BY GARETH GRIFFITHS, LABOUR STAFF

THE RESPONSE yesterday to a call for a one-day national strike by members of the Confederation of Shipbuilding and Engineering unions appears to have been much greater than expected by engineering employers.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said he thought more than 2m workers had taken part. There had been overwhelming support, he claimed.

Unless the companies conceded an £80 a week minimum rate, the confederation could not rule out either a protracted strike or selective local action, he added.

Backing for the strike was strongest in the West Midlands, as expected. Support there was described as 100 per cent. There was some confusion because many engineering companies had been on holiday last week.

The motor vehicle industry was strongly hit except for BL components plants at Cowley and Swindon. But the main assembly works at Cowley was shut and work at BL's Austin Morris and Jaguar Rover Triumph plants was halted.

The North-west also showed a strong response, although on Merseyside the effect was less than it might have been because of company holidays. The major engineering works in Wales stopped production.

Reaction to the strike call in Scotland was patchy, particularly in the West, where many workers were on holiday.

The Engineering Employers' Federation is more concerned with the effects on production of the week-long overtime ban affecting 1,000 of its member companies, which it says is more damaging than yesterday's strike.

The federation described the strike as "widely but reluctantly" supported. It said companies had remained open in Wolverhampton, Glasgow and the North-east.

It was unable to assess the full effects and extent of the strike, particularly in the smaller engineering companies.

Mr. Anthony Frodsham, the federation's director general, said a great deal of production was lost. Many people had lost a day's pay for reasons which were unclear to them. He said the federation believed its current £70 minimum rate offer was a fair basis for a pay settlement.

Mr. Duffy said last night the number of companies conceding the confederation's claim had risen to 100.

Russia in move to build VWs

BY JONATHAN CARR IN BONN

VOLKSWAGEN, West Germany's largest motor vehicle manufacturer, is holding talks with the Soviet Union and Czechoslovakia aimed at reaching licensing agreements with both countries.

The company said yesterday that the Russians wished to build VW's Passat model under licence and the Czechoslovaks wanted to install the engine of the VW Golf in their Skoda cars.

It would not comment on a report in the magazine Der Spiegel that Moscow was prepared to pay DM 250m (£60m) for its licence and Prague DM 150m. The talks, it said, had been in progress for a long time and their outcome remained uncertain. If the agreements were reached they would be the first of their kind between VW and an Eastern European country.

Similar negotiations involving the famous VW Beetle model had been held with eastern European countries before 1975, when Herr Toni Schmücker became VW's chairman, but they came to nothing.

Now it is believed that the Soviet Union is looking for a replacement for its ageing Moskvitch vehicles. A licensing agreement would give it access to the technical expertise involved in one of VW's biggest selling models.

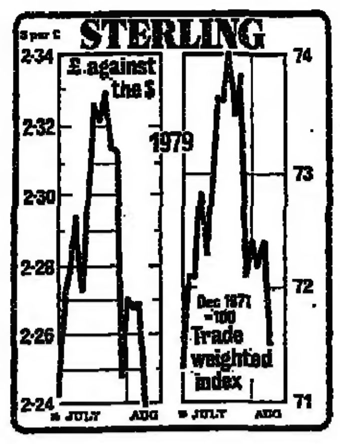
Only last year VW agreed to deliver 10,000 Golfs to East Germany in a barter deal under which it was to receive automotive parts, Machine tools and other items in exchange.

However, it is emphasised that this time only licensing is involved—not construction of vehicles or engines in West Germany for sales or barter to the East.

In theory this might appear a potential threat to German jobs—either through loss of construction work in the relatively near future or through competition from the completed models from the East in future years.

However, VW's business is booming. Last month it confirmed that its spending programme over the next three years would amount to DM 8.9bn, the bulk of it in West Germany, but with expansion in the U.S. and Mexico too.

The impact of the oil price increases appears to make a final decision on a second VW plant in the U.S. more urgent. The company clearly feels that U.S. demand or its petrol-saving smaller models will intensify.



Sterling falls by 3c.

BY PETER RIDDELL

STERLING FELL sharply yesterday against all major currencies in what amounted to a second stage of the unwinding of speculative positions begun last Tuesday.

The trigger for the renewed pressure was the announcement of a larger than expected rise in UK wholesale prices last month. The result was that the pound, which had been fairly steady until the early afternoon, quickly dropped by more than three cents against the dollar.

Dealers reported a wave of selling, particularly from the U.S., where there has recently been active trading in sterling on the Chicago currency future market. The Bank of England may have intervened occasionally to steady the rate.

The pound closed in London 3.05 cents down at $2.2390, slightly above the day's low. This compares with a four-year high of $2.3355 10 days ago.

The sterling trade-weighted index yesterday dropped by 0.9 points to 71.5, its lowest level since mid-July and 3½ per cent below the recent peak following a rise of nearly a tenth in six weeks.

Sterling has also fallen sharply against the main Continental currencies. The pound yesterday dropped from DM 4.16 to DM 4.09¾, a decline of 3¼ per cent in the last week. Against the French franc the rate dropped from FFr 9.66¼ to FFr 9.51 for a fall of 3¼ per cent in the same period.

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Money markets Page 19

£ in New York

—	Aug. 6	Previous
Spot	$2.2685-2695	$2.2740-2760
1 month	0.54-0.50 dis	0.64-0.60 dis
3 months	1.77-1.71 dis	1.80-1.72 dis
12 months	5.15-5.05 dis	5.15-5.09 dis

Peace plan an insult —Muzorewa

BY TONY HAWKINS IN SALISBURY

BISHOP ABEL MUZOREWA, Zimbabwe Rhodesia Prime Minister, yesterday attacked the British peace initiative approved by the Commonwealth Conference as an insult and totally unfair in demanding fresh elections.

The Bishop recalled that the team of observers sent by Mrs. Margaret Thatcher to the April elections, led by Lord Boyd, had concluded not only that the poll was "free and fair" but that it had been conducted "under democratic principles."

"It is therefore totally unfair and, in fact, an insult to the electorate and the Government of this country to suggest that they meant absolutely nothing and that we have to start all over again," the Bishop said.

In spite of these comments, the Bishop welcomed "certain positive elements" in the outline plan. He stressed that he wanted to see clarification and details of many other points before giving his considered reaction.

He would deal with specific proposals in detail once these had been relayed to him by the British Government. Mr. Derek Day, UK envoy in Salisbury, called on the Bishop yesterday.

Senior Government officials remain highly sceptical of the latest initiative.

It is pointed out that the plan is similar in outline to the unsuccessful one put forward by Dr. Henry Kissinger three years ago.

The Commonwealth plan seems destined to revive all the old disputes over the control of the security forces during a "transitional" period.

David Buchan adds from Washington: President Jimmy Carter has told Mrs. Thatcher that the peace initiative is "a significant step forward" and has the strong support of the U.S. Britain's partner in Rhodesia diplomacy over the past two years.

The plan is being clearly labelled in Washington as a British initiative, but the Carter Administration was closely consulted while it was drafted in Lusaka over the weekend.

State Department officials attach particular significance to the fact that Nigeria, Africa's biggest states, and two Frontline countries, Zambia and Tanzania, have rallied to the plan. They have implicitly dropped their previous public position that the Patriotic Front guerrillas were the sole legitimate representative of the Zimbabwe people.

Criticism by Mrs. Thatcher of the new Salisbury constitution also brings the position of the British Government more into line with the U.S. Administration, which has fought off Congressional attempts to lift U.S. trade sanctions on Zimbabwe-Rhodesia, until inequities such as entrenched rights for whites are removed.

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Lusaka diary Page 2

Thatcher defends Lusaka agreement

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

MRS. MARGARET THATCHER yesterday launched the next stage of her Rhodesia initiative—to convince both the Salisbury Government and Conservative opinion in Britain of the merits of the Commonwealth agreement on Rhodesia.

Defending the agreement in Lusaka, Mrs. Thatcher said that the British Government has faced two particular problems over Rhodesia—how to end the war and how to get international recognition for the country.

"Mere recognition or even restoration of legality by one nation as such, would not necessarily have brought about an end to hostilities," she said.

Mrs. Thatcher went on saying that if Britain had gone it alone in recognising Rhodesia, she did not think that "in the end it would have been very much help to Rhodesia. It would still have left her isolated, it would have left us isolated."

The Frontline states, she said, were just as anxious as Britain to bring an end to hostilities. As for the Muzorewa Government in Salisbury, she hoped that when it looked at the initiative as a whole, it would gain confidence in it.

Other points that emerged from the Prime Minister's Press

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Ault and Wiborg	45	+ 3	Saatchi and Saatchi	119	+ 6
Averys	242	+ 10	Sound Diffusion	126	+ 7
Belam	70	+ 4	Stocklake	82	+ 4
Clark (M.)	154	+ 6	Stocks (J.)	170	+ 15
Cullens A	134	+ 6	Stylo	206	+ 10
Dunbee-Combex	62	+ 6	Sunley (B.)	490	+ 5
ICI	327	+ 4	Wilson Walton	18	+ 3
Kitchen (R.) Taylor	175	+ 25	BH South	103	+ 5
Leigh Mills	32	+ 3	FALLS		
Lesney Products	50	+ 3	Bassett (G.)	88	− 4
Lex Service	86	+ 3	Belhaven Brewery	34	− 8
MY Dart	48	+ 3	Norton and Wright	153	− 10
Mining Supplies	88	+ 6	Sotheby P. B.	325	− 9
Northern Foods	112	+ 4	Anglo Am. Corp.	320	− 6
			Magnet Metals	19	− 6
			Stirling Petroleum	9	− 3

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Romania defends curbs on E. Bloc drivers

BY LESLIE COLITT IN BERLIN AND PAUL LENDVAI IN VIENNA

ROMANIA'S LEADER, President Nicolae Ceausescu, has warned against attempts to "interfere in the internal affairs" of his country in an interview that has been interpreted as justifying his move banning East European motorists who cannot pay for Romanian petrol with hard currency.

The unexpected measure stranded tens of thousands of motorists from East Germany, Poland, Czechoslovakia and Hungary who were bound to and from holiday trips in Romania or Bulgaria to the south.

Romania's Communist allies affected by the move took the unusual step of making public their diplomatic protests. East Germany spoke o fa "serious violation" of bilateral agreements and treaties and called on Romania to rescind the measures.

Hungary has retaliated with a similar move against Romanian lorries and buses in Hungary, although private motorists will not be affected.

In an unprecedented move, it is allowing stranded motorists to change unlimited amounts of their national currencies into Hungarian forints in order to buy food and drink and has set up Emergency camps, medical stations and buffets.

Budapest has also sent a delegation to Romania headed by Mr. Karoly Molnar, the Deputy Trade Minister.

Romania's action has especially angered East Germany. Romania lies astride the main eastern highway to Bulgaria, a favourite holiday country for East Germans. While Poland, Czechoslovakia and Hungary have permitted their citizens to circumvent Romania by entering Yugoslavia, East Germany is afraid to follow suit, fearing that many of its citizens would use the detour to defect.

Contrary to earlier reports, Romania has eased the restrictions only for East Bloc citizens returning from Romania or crossing the country on their way home from holidays in Bulgaria. Even this measure is in *force only until Friday. Tens of* thousands of tourists are reported to have left and more are preparing to leave Black Sea holiday resorts before the deadline.

Bucharest has put the blame on East Bloc tourist agencies which failed to sign relevant agreements *after* the measures were announced. However, the agencies retort that they were given insufficient time.

In his interview, President Ceausescu said Romania cannot accept the "existence of a centre" in the international Communist movement which "co-ordinates the activities of the parties." Any co-opertion between Communist parties must "preclude each and every interference in the internal affairs of other parties."

At the heart of the Romanian action is the steady decline in domestic oil production and an increase in oil imports from members of the Organisation of Petroleum Exporting Countries (OPEC) paid for in dollars. The Romanians argue that allowing *East Europeans to buy petrol* for non-convertible currencies is an intolerable burden on its economy.

In his interview President Ceausescu said his country has been "quite strongly affected by the energy crisis" and in fact has been forced to introduce harsh measures to restrict fuel consumption.

East European diplomats assume that if the Romanians continue their policy, Czechoslovakia and East Germany are likely to impose restrictions on Romanian vehicles. This would be a serious blow to Romanian exports of farm products and tinned food, since a considerable proportion of these goes by lorry to the West.

W. German fears on defence fuel

By Our Bonn Staff

WEST GERMAN defence chiefs, concerned that rising fuel costs could eventually damage the country's military effectiveness, are considering a wide-ranging programme of energy-saving measures, according to Defence Ministry officials.

Although there is no immediate prospect of fuel shortage — the Armed Forces have fixed supply contracts with the oil companies and have built up substantial stockpiles — the rising cost of petrol, of aircraft fuel and of light heating oil is forcing the Services to rethink their approach to energy consumption.

The Bundeswehr, Western Europe's most highly mechanised army, has a fuel allocation of about DM 500m (£126m) for this year. It is already evident that this amount will be insufficient unless further conservation measures are taken soon.

The main military consumers are the Air Force and the Navy. The former has been particularly hard hit by a 45 per cent increase in the price of kerosene this year alone.

Some energy-saving measures, similar to those introduced after the 1973 oil crisis, are already in force. The heating in military buildings is being limited to 19 degrees centigrade. Servicemen are being encouraged to travel by rail instead of by car on official journeys, and vehicles are restricted to a 100 km-an-hour speed limit.

But a special Military Energy Commission is considering further measures, including the "rationalisation" of Bundeswehr manoeuvres, which would combine units in the same region to reduce costs.

The problem is how to *balance fuel-saving measures* with military preparedness. Regular exercises by the German Air Force and Navy are seen as essential to the tactical efficiency of the North Atlantic Treaty Organisation.

M. Rene Monory

French oil imports bill up by 13%

By David White in Paris

THE COST of France's oil imports rose by nearly 13 per cent in the first half of this year to FFr 31.2bn (£3.21bn), a rate surpassing the Government's original forecasts, even before the latest price increases decided by the Organisation of Petroleum Exporting Countries (OPEC).

M. Rene Monory, Economy Minister, confirmed at the weekend that the higher prices were expected to add between FFr 15bn and FFr 18bn to France's oil bill for the year.

At the beginning of the year the level was put at FFr 58bn (£5.97bn), roughly the same as in 1977, after a drop to FFr 53bn last year as a result of the declining dollar. The extra bill for 1980 is put at FFr 30bn.

Oil import figures for the first half show an increase in volume to 64m tonnes compared with 57m tonnes in the same period last year.

Domestic prices for petrol and other oil products were increased at the weekend, as were electricity charges. The price of high-octane petrol in the Paris region went up by FFr 0.10 to FFr 3.05 a litre

Spanish unions hostile to state inflation-linked wages proposal

BY ROBERT GRAHAM IN MADRID

THE MAIN Spanish trade unions have given a hostile reception to Government proposals to adjust wages against inflation. The leading trade union, the Communist-controlled Confederation of Workers Commissions (CCOO) has issued a thingly-veiled warning that the Government can now expect a "hot autumn."

The proposals, announced over the weekend *following* last Friday's Cabinet meeting, are more restrictive than expected by the unions. They are in the form of a "recommendation" to put up wages in the latter half of 1979 by a further 1.7 per cent maximum to take account of increased inflation.

Relatively few wage-earners are likely to benefit as a result of the wide-ranging restrictions. *Specifically excluded from this* increase are: public sector employees, people working in companies running at a loss, those earning more than Pta 750,000 (£5,000) a year, and workers whose existing agreements have exceeded the 14 per cent guideline ceiling imposed for 1979.

The public sector and loss-making companies are the largest employers, while several of the more profitable companies contrived to exceed the 14 per cent guideline. The £5,000 limit is also deceptive since this includes all extra payments such as holiday bonuses and an extra month's pay.

These restrictions reflect the Government's fear that large across-the-board increases to match inflation would increase further the inflationary spiral.

In particular, officials argue that when the public sector deficit is running at twice its anticipated rate there is *no* justification for a further burden

In private, officials concede that it has been an error to include this form of indexation in the decree published last December that laid down wage guidelines for 1979. According to the decree, wages could be revised if the half-year consumer price index rose by more than 6.5 per cent. It has risen 7.3 per cent.

Before the proposals, CCOO intimated that it would press for a 7 per cent rise, while the other main trades union, the Socialist-orientated General Workers Union (UGT) was considering a demand for around 4 per cent.

CCOO has reacted by declaring the proposals unacceptable and calling a special executive meeting on September 7 to discuss the matter. This issue is an ideal chance for the Communists to show their strength if they so wish, and this is believed likely. UGT has been equally bitter in its reaction, claiming that purchasing power was being eroded.

Pilots critical over Dutch Tenerife crash tribunal

BY CHARLES BATCHELOR IN AMSTERDAM

AIRLINE PILOTS in the Netherlands are disturbed at the "superficial" way a Dutch aviation tribunal handled its investigation into the world's worst air disaster, which happened at Los Rodeos Airport, Tenerife. The tribunal skated over the main question of why an experienced KLM pilot attempted to take off without permission, the Dutch Association of Commercial Air pilots said.

The pilots take the view that the recommendations of the tribunal are not new and that in practice they will lead to no changes in procedure.

"The judgment merely concludes that no-one could have acted differently. The tribunal completely ignored the critical point, the fatal action of the KLM pilot," Mr. Frits van Vlanen, a spokesman for the pilots, said.

A collision between two Boeing 747 Jumbo jets on the fog-bound runway at Tenerife in March, 1977 killed 583 people. A sore point with the Dutch pilots is that a Spanish Ministry of Transport report, which has been disputed by Dutch aviation experts, put most of the blame on the Dutch.

Throughout the two-day hearing in May and in the judgment it has given, the tribunal attempting to avoid apportioning blame.

Saudi fund to lend Turkey £108m

By Metin Munir in Ankara

THE SAUDI Development Fund is to lend Turkey 840m Saudi rials (£108m) over the next three years for the financing of "some economic development projects," according to an agreement published in the official gazette here yesterday.

The fund will disburse the money after studying feasibility projects submitted by *the Turkish Government and* will also try to raise loans for them from other international finance institutions.

Turkey is also to receive a loan of $80m from the Islamic Development Bank this year.

Herr Franz-Josef Strauss

Ostpolitik assurance by Strauss

By Jonathan Carr in Bonn

HERR Franz Josef Strauss, freshly returned from leading a group of more than 200 Bavarians on a semi-official visit to Hungary, has emphasised he would aim at an Ostpolitik of "honest partnership" if elected West German Chancellor next year.

In a radio interview, Herr Strauss was at pains to explain that if he came to power his policies would not lead to a serious deterioration of relations with the Soviet Union and *Eastern Europe as some of his* critics in the Government parties allege.

He stressed that a government led by him would respect the treaties with the East concluded by Bonn over the last decade—although he felt the pacts had been poorly negotiated. He noted that the federal German constitutional court had handed down a judgment involving very precise interpretation of the treaty texts —and that would be adhered to as well.

Herr Strauss, Prime Minister of Bavaria and recently chosen by the Opposition parties as their candidate for the Chancellorship in next year's elections has stressed that his trip to Hungary was in large measure a normal event.

However, quite apart from Herr Strauss' reputation of toughness towards Eastern Europe, the sheer size of his group was bound to attract *unusual interest. It included* 14 of the 17 Bavarian Ministers and State Secretaries, most of the 129 parliamentarians of Herr Strauss' Christian Social Union Party, as well as numerous friends and assistants.

Herr Strauss had a lengthy talk with Mr. Janos Kadar, the Hungarian Communist Party leader—and now evidently believes that an invitation may soon emerge to visit Moscow (albeit with a somewhat smaller delegation).

Herr Strauss said he believed that if leading Soviet statesmen could alter their attitude to Germany as a whole—East and West —then a new dawn could emerge for Russians and Germans and the peoples between them.

AS THE WEST GERMANS RESTRUCTURE . . . 'BIG IS BEAUTIFUL'

A blend of optimism and despair

BY ROGER BOYES IN BONN

THE LATEST, somewhat Delphic, message from the West German steel industry is an uncomfortable blend of optimism and despair: business may well have to get worse before its gets better.

That at any rate is the general conclusion reached by Leading German steel makers in their recent half-year reports. There is, they acknowledge, a slight upturn in the market compared with last year—production is up and European demand for special steels is surprisingly strong—but a major turnround can only be achieved by the mid-1980s at the earliest, after Europe has purged itself of excess capacity.

This is not just academic counsel. West Germany has been carrying out substantial restructuring on its own account, though with mixed results. There have been a number of re-alignments in the German steel industry, all of which seem to be posited on the "big is beautiful" principle.

The recent ARBED takeover of Stahlwerke Roechling-Burbach (SRB) and Neunkircher Eisenwerke provides a useful if extreme example of how such measures of concentration work.

Arbed acquired 97.9 per cent of SRB and 97 per cent of NEU Neunkircher—both in the depressed Saar region, which borders ARBED'S Luxembourg base—with the idea of focusing on special steels.

To this end it is building a special steel works in Voelklingedn, involving an investment this year of more than DM 50m with two converters and two foundries. At the same time, mass steel facilities at Neunkircher Eisenwerke and Voelklingen are to be closed between 1981 and 1983.

The SRB and Neunkircher will thus, it is hoped, become more closely attuned to the needs of West German and French markets and be geared to ABED's mechanical engineering interests.

But what has all this meant in the short term? Last year Roecling Burbach's group losses totalled DM 226m on a turnover of DM 2.56bn. It is clearly going to be difficult to convince its shareholders and workers that the pangs it is going through now will pay off in the long run.

And yet the shift to special and stainless steels looks inevitable. Even in an upswing year, the overall annual output of crude steel is unlikely to be much more than 43m tonnes this year, compared with 41m tonnes in 1978, which represents only 75 per cent capacity utilisation. It is still a long, long way from the happy days of 1974 when capacity utilisation was about 88 per cent and

production was running at 53m tonnes.

How then has the German steel industry, still the most efficient in the European Economic Community, been coping with the crisis? The order of the day, it seems, is to: cut back capacity, try out new energy-saving and labour-saving technology, develop special steels and diversify into steel-related manufacturing sectors. In short, the Germans are following the pattern foreseen by the Davignon Plan.

German steel companies were initially a little suspicious of the Davignon scheme, which among other things limits low-priced imports from third countries and stabilises the European market through a system of recommended production levels and minimum prices.

The German fear was that France, Britain and Italy would not use this much-heralded "breathing space" to modernise their steel industries and that the prospect of rising demand and better prices would lead them to defer radical cutback plans.

These doubts have not yet disappeared but it is clear from recent speeches by senior Krupp and Kloeckner executives that German scepticism about the plan and its commitment to free market competition have been tempered over the past six months.

The fact of the matter is that German producers have also benefited from the scheme—the 1978 results, though bleak, make this clear—and that their criticisms of British and Italian Government subsidies are becoming increasingly irrelevant.

Government support for depressed regions, such as the Saar and the Ruhr, and for steel affiliated industries had somewhat undermined the Germans' purist free market claims. The exact scope of indirect subsidies benefiting German steel producers is impossible to calculate but Government support for coking coal — the fuel of the steel industry — alone is expected to total about DM 750m this year.

Germany exports about one-quarter of its coal production to thet EEC, most of it going to the steel industry. When the steel recession began to bite, the Government had to commit itself deeply to the coal industry and thus, by extension, to the steel producers.

During the Davignon "breathing space," Germany has concentrated on three main goals: steady reduction of capacity and production costs, development of new techniques to maximise the profitable areas such as special steels, and diversification into mechanical engineering, plant construction and turnkey projects.

As in Britain and France, the cutback of capacity has sometimes had painful social consequences. Kloeckner for example has shed well over 1,000 employees during the past business year. While other major producers have not taken quite such drastic steps, short-time working is widespread.

German steel workers are the best paid in Europe and there is thus constant pressure on production costs. Productivity however is high. Even Salzgitter, the Government-owned steel-making and engineering group, has not been immune from labour cutbacks. Since 1974 it has reduced its workforce from almost 58,000 to under 52,000.

Despite the capital allocations which the Government-owned steel-making and engineering group has not been immune *from labour* cutbacks. Since 1974 it has reduced its workforce from almost 58,000 to under 52,000.

Although this process of contraction has historically been less violent in its social and political effects than in other European countries, the unions last winter showed that their patience is not unlimited.

The six-week strike and lock-out in the West German iron and steel industry—the first in more than half a century—was *primarily about the unions' fear* that the run-down in jobs may go a good deal further before it stops. They complained that steelworkers have been treated as the "ballast" of the industry, to be thrown overboard when the going gets difficult.

Despite the capital allocations which the Government has given to Salzgitter to tide it over the crisis—it appears to be in the black again this year—Bonn has generally left the management to make its own rationalisation decisions and has not exerted pressure to keep employment levels high.

Recently, Friedrich Krupp Huettenwerke, the Krupp group's steel subsidiary, has shown that even when the market is in the doldrums, high investment in new processes is a risk worth taking. It has recently completed a DM 51.5m re-equipment programme which provides for the continuous casting of special steel billets.

By cutting out two stages in the normal casting process, backing up the process with new rolling mills, FKH hopes to save as much as DM100 a tonne. Although much will depend on the price of scrap, the process represents a considerable commitment to higher value special steels.

Smaller companies have not had the funds available to develop completely new processes from scratch to meet the demands of the crisis. But, by acquiring processes tested and tried in the U.S. and then introducing them to Europe, companies such as the Korf-Stahl group have managed to survive. Five years ago, Korf acquired the Midrex direct reduction process—manufacturing iron in a highly pure form from ore pellets—from Midland-Ross, which has given it a significant share of the market.

Larger groups such as Thyssen have been handling the crisis by diversifying and spreading the risk. Thus Thyssen, once *synonymous* with steel, is now more of a capital goods, trading and services concern, albeit with an important steel base. Without special steels, the steel division now accounts for only one third of total external sales.

There is now an awareness that quality and not quantity has to be the watchword. With high labour and production costs and competition from subsidised producers, the Germans have to try to carve out an unassailable niche in the quality steel market.

Blanks for railway wheels being sawn from large-diameter steel rod before pressing at a West German steel works.

Fraser takes the centre of Lusaka stage

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

THE COMMONWEALTH CONFERENCE

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THE star turn at this year's Commonwealth Conference has been Mr. Malcolm Fraser, the Australian Prime Minister. The leading players — Margaret Thatcher and Lord Carrington, Kenneth Kaunda of Zambia, Julius Nyerere of Tanzania and the insurably optimistic Sonny Ramphal, the Commonwealth Secretary-General, have been content to work behind the scenes.

But on every day of the conference, Malcolm Fraser has been right out there on centre stage. On day one of the conference, it was Malcolm Fraser who secured for himself the invitation to reply to President Kaunda's opening address. He used it for a serious and strongly worded attack on racialism.

On day two, it had originally been planned that the Malaysian Prime Minister, Datuk Hussein Bin - Onn, would open the Vietnam debate. When he failed to turn up in Lusaka, the lot fell on Malcolm Fraser, who let fly at Vietnam.

In the afternoon, the subject was the world economy. The man billed to lead off the debate, Malcolm Fraser, with a well-constructed speech reminding the conference of the "political will and vision which inspired the Marshall Plan," and the "sombre prospects" which could ultimately threaten the world's "social cohesion."

Two major speeches in one day—the Australian Press

Friday was Rhodesia day. Mr. could not believe its luck.

Fraser had played a valuable and widely applauded role in the run-up to the conference in helping to pave the way towards a consensus. Once in Lusaka, he spent a busy three days in bilateral (and well publicised) huddles with the key participants to the dispute.

At an informal dinner on Friday night, Sonny Ramphal put together an inner group of six as the focus for the weekend Rhodesia discussions. There was no doubt who was going to represent the "old" Commonwealth. Malcolm was right in there, while Joe Clark of Canada, who, to put it at its kindest, is somewhat fresh to the international scene, preferred to spend the weekend horse-riding and visiting Victoria Falls.

But Malcolm Fraser's finest hour was still to come. Throughout Sunday, there were nods and winks going round Lusaka. Things were going well, but it wasn't in the bag yet . . . difficulties in drafting . . . still some hurdles to jump.

The truth was that by Sunday lunchtime, the Rhodesian communique was in the bag, and at 3.30 Malcolm Fraser let it out of the bag. "At the moment, I cannot see what would upset an agreement," he beamed at the TV cameras.

Within half an hour the entire Press corps in Lusaka knew of the agreement. There was just one problem. The 33 Commonwealth countries who had not been part of the inner group of six did not. It had been planned to present it to them in the full conference session yesterday.

Sonny Ramphal and Mrs. Thatcher were both reported to be furious. But Malcolm Fraser had the answer. Was he not hosting a dinner that very evening for 36 of the 39 heads of delegation? Why not turn the cocktail hour into a "special restricted session" of the full conference?

And that, as history will relate, is just what happened. At the Australian High Commissioner's residence in Lusaka the hungry heads of state approved the communique with only the faintest of murmurs. Mr. Fraser helped them all to a good dinner.

By 11.00 p.m. on Sunday night the duplicating machines were rolling out copies of the document.

Malcolm Fraser, world statesman, Australian-style, has arrived on stage. It remains to be seen whether his performance makes any dent in his dismal showing in the Australian domestic opinion polls.

A pat on the back for Mrs. Thatcher

BY ALL accounts, Mrs. Margaret Thatcher has made a remarkably favourable impression on other Commonwealth leaders during the Lusaka conference, exercising both charm and tact to gain the confidence of African leaders who regarded her with open hostility only a week ago.

Journalists yesterday had their first opportunity to see Mrs. Thatcher the Commonwealth diplomat in action, when she gave her first Press conference in Lusaka. It was a remarkably relaxed and good-humoured performance. Mrs. Thatcher displayed none of the ire she sometimes shows when faced with a difficult question.

With an agreed communique on Rhodesia in the bag three days before the end of the conference, she could afford to be pleased and to "pat myself on the back a little."

"It wasn't half bad," Mrs. Thatcher declared. "Worth coming to Lusaka for."

The Prime Minister's main concern was to convince both the Press and Tory backbenchers that the Lusaka agreement represented no change in government policy, and was in the best interests of Rhodesia. She even quoted from the Conservative Party election manifesto as she argued that her line on Rhodesia had been unwavering.

Africans, she was told, believed her attitude had *softened since her House of* Commons speech last month. Was this so?

Mrs. Thatcher replied there was an "astonishing consistency" between the Commonwealth communique on Rhodesia and that speech. "But then, I was never as hard as they thought," she added.

She was full of praise for other people who had helped make the Rhodesia debate a success, including Mr. Sonny Ramphal, a "superb" Commonwealth Secretary-General, and President Kaunda of Zambia—a man who at the start of last week delivered a scathing attack on the Prime Minister.

Inevitably, journalists' questions returned again and again to whether Government policy on Rhodesia had changed, and how Mrs. Thatcher would cope with her back bench. She had achieved unity in Lusaka, but what about London?

"Peter and I together will be able to cope," she replied. "Won't we?" she asked, turning to Lord Carrington, the Foreign Secretary, at her side.

"Undoubtedly," he firmly replied.

Amin invasion threat discounted by diplomats

BY JOHN WORRALL IN NAIROBI

DIPLOMATS IN Nairobi and Kampala are highly sceptical about Ugandan President Godfrey Binaisa's warning in Lusaka that former President Idi Amin is poised to attack Uganda from Sudan with an army of 30,000.

The diplomats believe President Binaisa is putting this scare forward as an incentive to President Julius Nyerere of Tanzania to leave more troops behind in Uganda.

"Amin's army was soundly defeated in Uganda, and most of his troops abandoned their arms before they fled into Sudan," said one U.S. diplomat.

"Besides, it is extremely unlikely that President Numeiri of Sudan would allow such an expedition to be launched from his territory, in spite of his anger against Nyerere for invading Uganda."

The idea that Libyans might be brought in to support such an invasion after their record of disaster when fighting for Amin in his last days is "just not on," said a Kenyan official.

The present whereabouts of Idi Amin is not known, but the last infomation the Kenyans had was that he was in Libya.

There are known to be about 35,000 Ugandan refugees in south Sudan, mainly Moslems who fled with Amin's army.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

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Israel-U.S. rift sours Palestine autonomy talks

BY DAVID LENNON

AN AIR of near crisis envelopes the latest talks on Palestinian autonomy, which got under way in Haifa yesterday.

The rift between Israel and the U.S. on the Palestinian issue soured the atmosphere, and the Egyptian and Israeli participants appeared to be struggling to find common ground.

Sunday night's preliminary meeting between the heads of the Israeli and Egyptian delegations left both men looking grim and tense.

The full working session with the Americans yesterday morning concentrated on key issues such as the status of Arab East Jerusalem, legislative powers for teh autonomous régime, and voting rights for Palestinians living outside the occupied territories.

Dr. Yosef Burg, the Minister leading the Israeli team, appeared far from optimistic and spoke of substantive difficulties in the negotiations.

The wide gap between the Israeli and Egyptian concepts of autonomy for the occupied West Bank and Gaza Strip came sharply to the forefront at this, the fifth meeting at ministerial level. Four other meetings were held between officials of the three parties.

Looming large in the background was what the Israelis claim to be open American support for the Egyptian position. This had led in the past week to angry criticism from Jerusalem, which was also disturbed by other American expressions, seen by Israel as indicating a U.S. shift towards the Arabs on a number of issues.

Nonetheless, after the morning session, some of the Israeli Ministers insisted that progress had been made and that the feared breakdown of the talks was unlikely.

The negotiations continued last night and two further working sessions are scheduled for today. The Egyptian delegation is due back in Cairo tonight.

Mauritania, Polisario peace pact

BY OUR FOREIGN STAFF

MAURITANIA has formally confirmed its withdrawal from the war over Western Sahara by signing a peace treaty in Algiers with the Algerian-backed guerrilla group, Polisario. It has renounced all claim to the southern part of the former Spanish territory, which it took over in 1976.

The agreement, which came after three days of talks, institutionalises a situation which has existed on the ground for about a year. Though Mauritania nominally held the Tiris el Gharbia, as the barren area is called, it had been effectively controlled by Polisario, which also dominates much of Northern Mauritania.

Although there are Mauritanian troops in the Tiris el Gharbia, neither they nor the Moroccan troops also based there have taken any offensive action since July last year, when Polisario declared a truce.

The agreement does not, however, lay down any timetable for troop withdrawals from the area.

The Mauritanian action in pulling out of the war has dangerously alienated Morocco, which took the northern and more valuable part of Western Sahara and which has 8,000 troops stationed in Mauritania. It has threatened to take steps "to ensure the security and peace" of the region once Mauritanian troops withdraw. However, it is not clear whether, despite such threats, Morocco will try to take over the Tiris el Gharbia.

The Mauritanian action will not, however, mean an end to the war which has been going in Western Sahara for three and a half years. There is, in effect, a stalemate between the guerrillas in the desert and the Moroccan army in the towns and settlements. In effect it is a war by proxy between Morocco and Algeria and neither side seems prepared to back down.

There have been frequent unofficial contacts between Rabat and Algiers since the beginning of the year in an attempt to break the deadlock. But there is still no sign of real change of heart.

Kabul quiet but people 'sullen'

BY SIMON HENDERSON IN ISLAMABAD

KABUL, capital of Afghanistan, was quiet yesterday after the army mutiny on Sunday which was quelled by loyal troops using helicopter gunships.

The pro-Soviet regime of President Nur Mohammed Taraki appeared fully in control, although the population was described as sullen and intimidated by the Government's show of force.

Leaflets were handed out and loudspeaker vans toured the city describing the incident as the work of Iranian and Pakistani reactionaries. Diplomats maintained, though, that it was an army mutiny which, because of the tribal rebellion in the countryside, foreshadowed growing problems for President Taraki's Khalq Party Government.

The mutiny appeared to fail because no other units joined in. The fighting seemed to be concentrated on the garrison in the Bala Hisar fort near the centre of Kabul. Explosions elsewhere were interpreted as being measures to stop the mutiny spreading or part of an operation to mop up rebel soldiers who had escaped.

President Taraki's regime crushed the rebellion with notable vindictiveness. After the mutineers had failed to win control of the fort they tried to escape over the walls and into the surrounding hills, but were picked off by the helicopter gunships.

Equatorial Guinea to free political prisoners

PARIS — Lt.-Col. Theodoro Obiang Nguema Mbasogo, the apparent new strongman of Equatorial Guinea after a weekend coup, has decided to fee all political prisoners, according to the state radio.

Since independence from Spain in 1968, Equatorial Guinea had been decimated by the "teror" rule of President Francisco Nicias Nguema, the broadcast said.

"The villages have been abandoned, misery has taken hold, arbitrary arrests have become normal procedure, assassins claim 50 or 60 victims each day for imaginary plots," the radio said.

"People of Equatorial Guinea, a sombre page of history has just been turned," the broadcast said, but it gave no indication of the fate of President Nacias Nguema.

The 57-year-old President was reportedly arrested on Friday night in his home village of Nomgomo and replaced by a military junta. Col. Mbasogo was Vice-Minister of Defence before the coup.

AP

Kuwait oil cut 'only at planning stage'

Kuwait's intention to cut oil production by 500,000 barrels a day (b/d) from the present 2m b/d is just a plan, and needs Cabinet approval before it is carried out, according to Mr. Ali Khalifa Al-Sabah, Kuwait's Oil Minister, Reuter reports from Kuwait. He told the daily Al-Qabas that instability in the world oil market prevented the plan being implemented at least for the time being.

Iranian authorities execute three

Three more executions took place yesterday in two Iranian cities, bringing the total number of reported executions since last February to 380, AP reports from Tehran. The Islamic Revolutionary Court in the southern city of Abadan condemned to death two Iranian Arabs in connection with explosions which affected gas and oil pipelines near the port of Mahshahr. In the central city of Isfahan, a state police official was executed by firing squad, after he was convicted of murdering anti-Shah demonstrators.

Mark Webster reports from Lagos on Nigeria's first election in 15 years

A game of political musical chairs

ALTHOUGH ALLEGATIONS about ballot rigging and other malpractices have yet to be cleared up, the shape of Nigeria's future civilian government is now emerging. Nigeria's 48.5m registered voters were asked to choose a U.S. style government led by an executive president in the country's first *general election for 15 years.*

After a four-week election marathon, the voters have selected 95 senators, 449 members of the House of Representatives, 1,347 members of the State Houses of Assembly and a governor for each of the 19 states. Only the key position of president remains to be decided and voting for that will take place on Saturday. If there is no clear winner on the first ballot there will be another next week.

Only the successor to Gen. Olusegun Obasanjo (above), Nigeria's head of state, remains to be elected to complete Nigeria's first civilian Government for 15 years

There have been minor variations in turnout and voting patterns for the four elections, but a number of important features have remained consistent throughout: turnout was low, *never exceeding 35 per cent,* there was a predominance of block voting along ethnic lines, and personalities and parties were more important than ideologies in all the elections.

Each of the five parties secured its own ethnic basis without any serious opposition from any of the others. But there was keen competition among them for the support of the floating voters in the states of Gongola, Kaduna, Kwara, Cross River and Rivers. These states are either minority tribes not part of the big three ethnic groupings in the north, the west and the east, or they are divided in their loyalties between different parties representing the same ethnic group.

It is already clear that no one party will have anything like a majority in either of the Federal Assemblies—the Senate or the House of Representatives. Commentators here are divided over whether that will prove a benefit or a disadvantage. Some argue that while no single party has a majority, no single geographical area can dominate the others. Others contend that the way will be wide open for coercion of any kind to secure a majority vote on anything.

In Nigeria, with its history of "dirty politics" and vote-buying before the military took over in 1966, the commentators say there is bound to be corruption on a grand scale as parties try to win a favourable vote. On the other hand, some will say that is an unnecessarily pessimistic view which ignores the past 13 years of consolidation and development under the military and the memory of a bitter civil war caused by ethnic confrontation.

In support of the pessimists' view there is certainly an eerie familiarity about some of the goings on over the past few weeks. Much as in pre-1966, the biggest single party is northern based, in this case the National Party of Nigeria (NPN), led by its Presidential candidate Mr. Alhaji Shehu Shagari. Thanks to its strength in the north, the NPN easily secured the States of Sokoto, Niger, Benue and Bauchi. But is also took the governships of Kwara and Cross River.

Next came the Unity Party of Nigeria (UPN) led by the *veteran politician Chief Obafemi* Awolowo. The UPN is the party of the western States and it "walked" the elections in Oyo, Ogunondo and Lagos as well as taking the lion's share of the votes in Bendel State where the UPN won the governorship.

The Nigerian People's Party (NPP), led by the country's first civilian President, Dr. Nnamdi Azikiwe, held the Ol Ibo heartland of Imo and Anambra. It also asserted its hold on Plateau State where it won over the Gubernatorial race. Of the two smaller parties the Great Nigeria People's Party (GNPP) had a strong showing in Borno, the home State of its Presidential candidate Mr. Alhaji Waziri Ibrahim, while the People's Redemption Party, led by Mr. Alhaji Aminu Kano, won his own home State of Kano and took the governorship of Kaduna.

The five floating states were split as follows: Gongola, between the GNPP, the UPN and the NPN; Kaduna, between the NPN and the PRP; Kwara, between the UPN and the NPN; Cross River, between the NPN and the GNPP; and Rivers between the NPN and the NPP. The same divisions apply to all the elections except the governorship, where there can only be one victor.

What was most noticeable from the voting patterns was the relatively wide spread of the NPN's support. Despite being essentially a northern party, the NPN has managed to win voters throughout the Federation and in most elections had more than 25 per cent of the vote in 12 states.

Although the party says it is disappointed with the poor showing which it received in some of the western and eastern states, the results are significant for the presidential elections. To be elected on the first round, *a candidate must not only get* the most votes, but must have more than 25 per cent of the votes cast in at least 13 of the states. Failing that, an electoral college composed of the two Federal Assemblies, along with the State Houses of Assembly will elect a President.

The respect of the NPN clinching a presidential victory on the first round sparked off a somewhat undignified game of political musical chairs among the other four parties, all of whom wanted to be in the seat of power when the music stopped. The rapidity with which alliances have been proposed, publicised and then abandoned has added to some people's fears that Nigeria is indeed returning to the dark ages of pre-1966 politics.

Leading the field in the alliance making have been Chief Awolowo and Dr. Azikiwe. At one stage Chief Awolowo even proclaimed a grand alliance between all four of the smaller parties. After a hasty round of consultations the idea was dropped. Meanwhile, Dr. Azikiwe has dubbed himself a "beautiful bride," whom all the parties are trying to woo.

The alliance making has gone on despite the fact that there are noticeably wide divergencies in the *programmes of* the parties. For instance the PRP considers itself the most radical with its call for a real welfare state, while the UPN has the more limited objective of free education for all. The NPN, although it has joined the others in promising a better life for everyone, has been more moderate in its promises and favours an open market economy without too much state interference.

The acid test of all the parties will be the way they conduct themselves over the next few weeks. Commentators say that the real bargaining could start if the first round of the presidential elections proves inconclusive and the matter has to be decided by the electoral college. There would then be a great opportunity for any party which desperately wants the presidency to defy the will of the voters and buy its way into power.

THE STATE OF THE PARTIES

	NPN	UPN	NPP	PRP	GNPP
Senate	36	28	16	7	8
House of Reps	168	111	78	49	43
Houses of Assembly	487	333	227	144	156
Governors	7	5	3	2	2*

* Provisional.

No early decision on Chrysler aid

BY JOHN WYLES IN NEW YORK

CHRYSLER Corporation seems likely to have to wait several weeks before it will know how much both the Federal Government and the United Auto Workers union are prepared to help in relieving its severe financial problems.

Chrysler's claims that a delay of several weeks would not pose any critical problems. Mr. John J. Riccardo, Chrysler's chairman, affirmed last week that despite first half losses of $260m, the company had enough short-term cash available through bank lines of credit to maintain operations. But he stressed that its longer-term future would be in jeopardy without the $1bn federal loan it is seeking over the next two years.

Both the U.S. Treasury and the Federal Reserve Board are likely to take several weeks to complete their examination of the company's plight and its proposals for cash aid and for relief from Government-mandated emissions regulations. Mr. William Miller, who was sworn in as Mr. Carter's new Treasury Secretary yesterday, is expected to take personal charge of the Chrysler problem and he and the Administration are expected to be sympathetic.

But this does not necessarily mean that the Government will dig into its pockets to provide Chrysler with cash. Mr. Michael Blumenthal, the outgoing Treasury Secretary, may have thrown some straws into the wind during a weekend television interview, when he appeared to favour a partial or complete takeover of Chrysler by a foreign company.

This is in tune with recent editorial comment in the U.S. and reflects some hope that Volkswagen AG's denials in June of any interest in acquiring Chrysler may not yet be the final word on the matter.

Mr. Blumenthal added that the Government should consider some form of help "but only if, first of all, the banks, the insurance companies, the shareholders and the unions make major sacrifices."

On Sunday, Mr. Douglas Fraser, President of the UAW, repeated that the company's appeal, made on Friday, for a two-year freeze on wage and benefit costs would be unacceptable to his 124,000 Chrysler members.

The situation would be discussed at a special delegate meeting on Thursday but Mr. Fraser emphasised that the UAW would not indicate what concessions it might be prepared to make until it had reached agreement on a new contract with General Motors and Ford. The industry's current contract expires on September 14.

U.S. car sales show a mild recovery

BY OUR NEW YORK STAFF

DEMAND for new cars in the U.S. staged a mild recovery in July but this worked to the advantage mainly of importers, and to a lesser extent General Motors.

U.S. CAR SALES	July 1979	July 1978	
General Motors	417,933	439,290	down 4.9%
Ford	173,805	217,667	down 20.2%
Chrysler	68,081	92,884	down 26.7%
Volkswagen	15,291		
American Motors	13,267	12,011	up 10.5%

Preliminary figures point to an overall decline in sales of 4.7 per cent, compared with a 20.5 per cent drop in June. But whereas General Motors, Ford Motor Company and Chrysler Corporation saw their sales fall by 4.9 per cent, 20.2 per cent and 26.7 per cent respectively, foreign manufacturers boosted their sales by 17.6 per cent.

This enabled importers to U.S. market, lower than the record 24 per cent in May but take just over 22 per cent of the significantly higher than the more traditional 18 per cent of July last year. Notable performers were Datsun, up 70.1 per cent, Honda, up 26.9 per cent, Mazda up 32 per cent and Subaru up 18.7 per cent.

Altogether total new car sales in July amounted to about 885,000 compared with 929,000 a year ago. Imports climbed from 167,500 to about 196,500 while U.S.-built vehicles fell from 761,852 to 688,377.

The sales pattern again indicates that the smaller, more fuel-efficient cars are at a premium.

American Motors, the smallest U.S. car company, last month halted a long series of monthly sales declines and delivered 10.5 per cent more units. Exclusively a producer of small cars, AMC is enjoying a resurgence of interest in its products.

Expressed as a seasonally-adjusted annual rate, July sales ran at about 10.6m units compared with 9.3m units in June and 11.2m a year ago. This was slightly better than many analysts had expected and suggests that importers have been able to ship more cars than expected

Guyana bauxite strike deadlock

BY MUHAMAD HAMALUDIN IN GEORGETOWN

TWO WEEKS of negotiations have so far failed to resolve a costly strike which has crippled Guyana's state-owned bauxite industry and almost stopped production.

The negotiators are faced with the possibility that their talks could have an impact on an official wage freeze in the public sector, although so far the labour leaders have insisted that this is not the point at issue.

The dispute started on July 12 as a local row involving some 400 *workers at the* Guyana Mining Enterprise (Guymine) Kwakwani plant, in eastern Guyana, but spread to the other three plants on July 23, when the Guyana Mine Workers' Union (GMWU) ordered a full stoppage by its 5,000 members.

It centres on payment of merit increments. The company says it can meet the demands of the union up to a point, after which it would violate the wage freeze.

Mr. Hamilton Greene, the Labour Minister, has been holding frequent meetings with the Trades Union Congress, the company and the union.

It is the second major stoppage *in the industry this year.* There is some anxiety in the industry about the impact such stoppages could have on Guyana's reputation as a reliable supplier, as well as about the effects of any lengthening of the current dispute on the 1979 production

According to Mr. Patterson Thompson, chairman of the Bauxite Industry Development Company, this year's target for alumina will have to be reduced, but it is still possible that targets of other products can be met if there is a resumption early next week.

Should the strike last beyond *another 10 days,* it would be almost impossible to meet any of the year's production targets. targets.

NY mayor sacks his deputies

By John Wyles in New York

Mayor Koch

AS THE DUST begins to settle on a radical streamlining of New York City Government, it can be seen that Mayor Edward Koch may have handed President Carter an object lesson in *how to handle sweeping administrative* changes without incurring serious political liabilities.

The Mayor's unexpected announcement towards the end of last week that three of his seven Deputy Mayors would be leaving city government, that another two would be demoted and that he was appointing a new deputy with broad managerial powers, bore several parallels to President Carter's Cabinet changes over the previous two weeks

Somewhat like Mr. Carter, the Mayor felt that his personal impact on the large bureaucracy at his nominal command was less than it should have been. Also like Mr. Carter he had felt that he could administer the Government without a tough Chief of Staff who would follow up his instructions and co-ordinate between City Hall and the bureaucracy.

But after 19 months in office, during which time his popularity, unlike Mr. Carter's, has climbed steadily, Mr. Koch has concluded that his original structure based on seven deputy mayors of theoretically equal status often created administrative confusion.

Last week he wielded the surgeon's knife with speed and brevity and to the surprise of virtually all of his seven deputies. Three of them, Mr. Herman Badillo (Deputy Mayor for Policy), Mr. Philip Trimble (Intergovernmental Relations) and Mr. Philip Toia (Finance) will leave the government by the end of the year, while two others, Ms. Ronay Menschel (Administration) and Mr. Herbert Sturz (Criminal Justice) will relinquish their titles and assume somewhat less senior roles

Chief beneficiary of the changes is Mr. Nathan Leventhal, currently Commissioner of Housing, Preservation and Development, who will become Deputy Mayor responsible for co-ordination and management of the daily business of city government.

Although both the style and the substance of the Mayor's changes appears to have won general approval within the city, Mr. Koch is taking longer-term risks. The departure of Mr. Badillo strips the administration of one of its sharpest political minds and of the leading representative of the city's Hispanic community.

Nicaragua searches for unity after the revolution

Forgiving and forgetting

BY WILLIAM CHISLETT

WILL NICARAGUA, in the wake of the revolutionary overthrow of General Somoza, become a second Cuba and so undermine the shaky stability of Latin American dictatorships, particularly Nicaragua's neighbours, Guatemala, El Salvador, and Honduras?

The question worries "hawks" in the U.S. Administration, but *in Nicaragua itself* there are far more immediate issues being discussed, as the country struggles to reconstruct itself after the seven-week war.

While comparisons between Fidel Castro's Cuba of 20 years ago and the Sandinista guerrilla victory in the Nicaragua of today are tenuous, the question has some validity.

Gen. Castro

It is highlighted by the recent visit of two members of the Nicaraguan junta to Havana to commemorate the 26th anniversary of the storming of the Moncardo Barracks, a key incident which eventually brought Castro to power.

Significantly, the two junta members who went to Havana were Mr. Moises Hassan, a leader of the radical Sandinista-backed United People's Movement, and Mr. Alfonso Robelo, a wealthy anti-Somoza industrialist. The two men have widely different ideologies and interests, but both played vital *roles in the Nicaraguan revolution.*

It is because this revolution—more a national insurrection—was so broadly based, involving peasants, intellectuals, clergymen, businessmen, and was directed against one man, General Somoza, and his *family's 46-year stranglehold* over the country and was not a class war as such, that some comparisons with Cuba are slender.

There is an apocryphal story told of how Castro told Eden Pastora, one of the more moderate Sandinista leaders, that the best thing Cuba could do to help the Nicaraguan cause was to offer *no* help at all.

Sandinistas have Marxists among their ranks such as Mr. Tomas Borge, the new Interior Minister. Some guerrillas are no strangers to Havana, but as for direct Cuban aid in the *Nicaraguan revolution*, the U.S. State Department has admitted that Cuba's approach has been "low key" and "cautious," and that it cannot substantiate allegations that large shipments of arms were sent by Cuba via Panama to Costa Rica, where the guerrillas based themselves.

Nicaragua is bound to move towards the Left, after so many years of repressive Right-wing rule. The extent of this will depend upon outside and internal elements. The attitude the U.S. and whether or not the Nicaraguan private sector responds to the changed circumstances will be determining factors.

The strong anti-U.S. feeling in Nicaragua, which stems from that country's unswerving support for the Somoza dynasty until it became clear that its *days were numbered, will mean* that the U.S. will have to eat humble pie. America will have to adopt a low profile if it is not to alienate the people further, and thereby radicalise the situation. The U.S. is ready to do all it can to help, to win back some scraps of credibility.

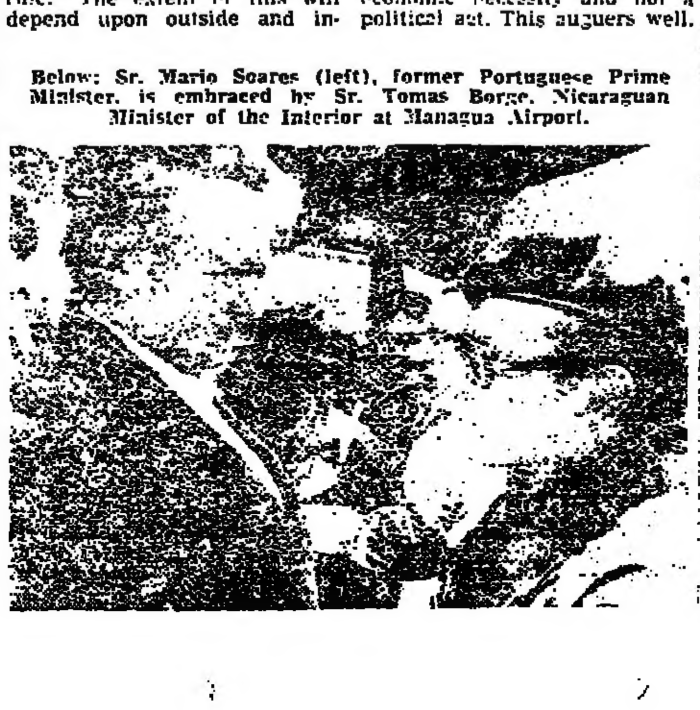
There is a tremendous sense of unity in Nicaragua, which everyone is anxious should not be broken. Mr. Tomas Borge has gone out of his way to reassure the private sector that property will be respected and a pluralistic society created. Only Somoza's interests have been confiscated.

The spirit of forgiving and forgetting is equally impressive. Borge has called the Nicaraguan revolution the most "generous" in the world. None of the excesses perpetrated in Iran, after the overthrow of the Shah, have been committed in Nicaragua on the many captured guardsmen, guilty of abominable acts of barbarism.

There is *also* a dogged determination to stick to the junta's moderate programmes for the establishment of a state-regulated economy, after five decades of an economy dominated by one family in league with the military.

For the programme to be successful, the private sector will have to accept that lands and businesses will have to be far more socially productive. Already, the nationalisation of the bankrupt private Nicaraguan banks has been accepted by the business community as an economic necessity and not a political act. This augurs well.

Below: Sr. Mario Soares (left), former Portuguese Prime Minister, is embraced by Sr. Tomas Borge, Nicaraguan Minister of the Interior at Managua Airport.



Go-ahead on Jordan water supply plan

By Rami G. Khouri

TWO AMERICAN consultants have been given the go-ahead *to design an ambitious water* delivery scheme in drought-hit Jordan.

Stanley Consultants and Boyle Engineering have teamed up to win a $4m consulting job to design a water supply system that will pump 120m cubic metres of water every year from the Jordan Valley to the uplands around Amman. The water will have to be raised 1,300 metres from the valley floor to reach domestic and industrial users in Amman and north Jordan.

Design work should be completed by next May, with tenders for construction to be issued shortly afterwards, according to Jordan Valley Authority officials in charge of the project. Total construction cost is estimated now at around $150m. The scheme should start operation in early 1983.

***Jordan* has *suffered* a drought over the past *four* years, and this year home water pumping has been cut back to once a week.**

Total water consumption last year was around 480m cubic metres, most of which went into irrigation. But water *supplies from underground* aquafers have not kept up with demand, and underground water reserves are being depleted *faster than* they can be replenished by rainfall and surface water sources.

With total water demand *expected to rise gradually to* 1bn cubic metres a year by the end of the century, and maximum available supplies of water remaining constant at around 800m cubic metres when rainfall is good, Jordan is heading for severe water problems.

The new scheme to pump water to Amman from the Jordan Valley will use water that reaches the valley floor from the Maqarin Dam that is to be built on the Yarmouk River, along the northern border with Syria.

This dam is now in the design stage and will not be ready for at least five years. King Hussein has ordered an emergency water delivery system to be installed to bring about 10m cubic metres of water a year to Amman from the Azraq oasis, 100 km east *of the capital.*

Chemical plants for Ireland

By Elaine Williams

TWO EUROPEAN groups are to set up pharmaceutical manufacturing in Ireland.

***Production of bulk pharma*ceuticals by Cara Partners, a joint venture between Schwabe of West Germany and the French Beaufour group, *will begin in October* at Little Island in Cork.**

Cara is investing £2.5m in the new plant and will employ 55 people, while Pilmar Pharmaceuticals intends to spend £2m in plant and equipment and hopes to employ 100 people within five years.

Pilmar, owned by a Swiss consortium, is to build a new factory at Little Island to make chemical ingredients used in the treatment of cardiovascular infections and nutritional diseases.

Soviet Union and China sign £241m trade accord

BY DAVID SATTER IN MOSCOW

THE SOVIET Union and China yesterday signed a trade agreement for 1979 providing for a trade turnover of about 350m roubles (£241m).

The accord is a sign of improved relations between the two countries in advance of the opening of Sino-Soviet talks next month.

In past years, the annual trade agreement has been signed in early spring, but negotiations were postponed this year at the Soviet Union's request after China's border war with Vietnam.

The agreement took two months to negotiate and not all its constituent contracts have been signed but deliveries, particularly of Soviet machinery and equipment, have been under way *for some time.*

The value of trade called for this year is roughly the same as last year's when turnover came to 338.7m roubles (£233.6m) divided almost evenly between the two countries.

Chinese officials said the product breakdown is also to *remain virtually* the same, with the Soviet exporting machinery and equipment and importing fruit, cloth, silk and knitted wear.

The trade agreement was signed by Mr. Cen Ze, the Chinese deputy Minister of Foreign Trade, and Mr. Ivan Grishin, the Soviet deputy *Minister* of Foreign Trade.

There has been a lull in anti-Chinese propaganda in the Soviet Press and on June 8 the first favourable Soviet Press report on China in several years was published in the Communist Party newspaper Pravda.

It was a three-paragraph Press news agency despatch from Peking on an environmental conference and included the information that air pollution in the Chinese capital had been sharply reduced.

£47m Saudi contract announced after lifting of spending curbs

BY JAMES BUCHAN IN JEDDAH

A CONSORTIUM of Japanese, South Korean and local interests in Saudi Arabia have been awarded a 348m Saudi rial (£47m) contract to provide the infrastructure for the new diplomatic quarter on the outskirts of Riyadh, the capital. *This follows the lifting last week* of a two-month freeze on new Government spending.

Mitsubishi of Japan, Kuk Dong of South Korea and Ibrahim al-Rashid of Saudi Arabia received the contract on Sunday.

It covers electricity, water, sewage, roads and landscaping for the diplomatic enclave which is planned for 70 missions and 15,000 people by 1983.

A master plan for the enclave was completed last year by Speerplan, of West Germany, and it will house by 1983 all the foreign missions and the Foreign Ministry now based in Jeddah.

Seven thousand public housing units, three schools, a health centre, mosques and civil defence stations are also planned as a Government contribution to the enclave. The contract for the new Foreign Ministry is expected to be let *in November.*

The total cost of the enclave is expected to be Sr5.5bn, according to Speerplan.

The contract is expected to herald a rush in Government orders since the Cabinet's decision last week to lift *constraints* on government spending.

In an attempt to keep a rein on spending—there was a $4bn deficit last year—the Finance Ministry told other Ministries they could not enter into new contracts, even if letters of intent had been signed. This was also designed to allow the Finance Ministry to assess revenue in the light of new oil production and price levels and new credit periods for oil customers agreed since the May Budget.

The Finance Ministry said yesterday that the Cabinet had *approved its revenue* projections in light of the oil price increases but would not indicate if spending targets would be raised.

Saudi Arabia can now expect income well over $60bn at present oil prices, even if the 1m b/d in extra production in *force since July 1 is not retained* after the third quarter.

But the Finance Ministry did say it had told Ministries they could spend their whole appropriation this year. Last year Ministries were originally restricted to 70 per cent of their budget although this did not prevent the deficit.

Fokker nears Airbus agreement

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FOKKER, the Dutch aircraft manufacturing group, is close to agreement on participation in the development of the European A-310 version of the Airbus.

The company may take a 2 per cent stake in the 200-seat aircraft. It already has a 6.7 per cent share in the development and production of the bigger 250-seat A-300 Airbus.

But the deal still depends upon a satisfactory agreement between Fokker and Airbus Industrie over the problem of future aircraft types that Fokker may wish to build, which could rival new projects from Airbus Industrie.

Fokker is anxious to develop a short-haul twin-engined airliner, the F-29, which although a much smaller aircraft than the 200-seat A-310 might nevertheless be regarded as a competitor in some markets.

More significantly, the F-29 would be a serious rival to any new 130-160 seat Joint European Transport (jet) aircraft that Airbus Industrie might want to build in the 1980s.

Fokker has been discussing the F-29 with various airlines, and wants to settle design and development plans so that launching can take place later thi year or in 1980.

Fokker wants to be sure that the Dutch Government would not transfer funds from F-29 development to the A-310 programme. At the same time, it would like to feel that any JET emerging from Airbus Industrie would not immediately be used to destroy the F-29's sales chances in world markets.

Airbus Industrie, on the other hand, cannot be expected to halt its JET plans just because Fokker is working on the F-29 and has a small stake in the bigger Airbus venture. But it could also adopt the F-29 as its JET design, if that aircraft proved suitable.

£20m in joint ventures for Malaysia

BY WONG SULONG IN KUALA LUMPUR

SIX EUROPEAN companies have expressed interest in starting ventures in the Malaysian state of Perak with a total investment potential of over *100 ringgits (£20m).*

Mr. Wan Mohamed Wan Teh, the Perak Chief Minister, who recently led an investment promotion mission to Europe, said that among the companies, was the International Trading House of London which was interested in setting up a 66m ringgits palm oil processing factory.

Tate and Lyle will be conducting a feasibility study on opening up a tea plantation and processing factory in Upper Perak while the Manchester-based firm of Ward and Stone Gold had also indicated its intention to set up an auto-wiring harness *factory in the* state.

The French concern of Hutchinson Mapa was also expected to invest 20m ringgits on a factory to make rubber gloves for export. Interest was also shown by C. Y. Partexk of Helsinki for a factory to process lime for agricultural and building purposes, and the Frankfurt-based Gumni Metall Teknik also was to send a team to set up a rubber mounting factory.

David Gardner in Madrid reports on the development of export financing in Spain's banking system

Focus shifts to Government sector

SPAIN'S recently improved export finance capabilities have been born of necessity, as the domestic economy has slowed and driven manufacturing companies into export markets, some of which have proved equally difficult.

Nevertheless, the trend caused a new demand, and the Administration responded by increasing both the volume and sophistication of credit financing.

Until 1973, the Spanish private banking system was providing 82 per cent of funds for exports, mainly on a short-term basis. The other source was the Banco Exterior, which provided 16 per cent from its own deposits, and a modest 2 per cent from the first trickle of official credit which the Government had begun to channel through it.

This was the first sign of a radical change in the structure of export finance, which began in 1971 with the state taking a 62 per cent holding in Banco Exterior, and converting it into what is now the major instrument of export credit.

The bank continues to operate as any other private commercial bank, receiving deposits and providing the normal range of services, but it is now obliged to cover up to 30 per cent of its export finance activity from these deposits. At the same time, export credit from the Instituto de Credito Official (ICO) is channelled through Banco Exterior. In addition, during the past four years, to special credits provided by the Bank of Spain.

The dynamic effect of these measures on export credit is easily seen from the fact that while, since 1973, total credit for export has multiplied over *five times—from Pta 74.9bn to* Pta 389.6bn (£2.5bn)—the Banco Exterior's share of this lending has risen from 18 per cent to just over 40 per cent last year.

The second major mechanism of export financing is through levels of obligatory funding applied to the banks, and from last year, to the savings banks, which hold over a third of all deposits in the banking system.

For the banks this percentage amounts to 3 per cent of their deposits, and for the savings banks, 1 per cent. It is a simple extension of the "coefficients of obligatory investment" system which obliges the banks to set aside 23 per cent and the savings banks 62 per cent of their funds for state-directed investment. These "privileged circuits" of credit, as they are known, are channelled towards strategic investment areas at low rates of interest and are a general part of the Spanish credit system as a whole.

However, the extension of the system to cover export finance has led to claims in some sectors that, in the present atmosphere of tight monetary restriction, is draining off funds from other industries not geared essentially to exports

With the incorporation of the savings banks into this obligatory system of export financing for the first time last year, this method provided the largest *increase in export credit.*

The combined bank and savings bank increase was Pta 51.7bn, while ICO funds channelled through Banco *Exterior rose by Pta 40bn, as* planned.

However, it is these two devices which ensure that Spain retains probably the fastest growth rate in export finance in Europe during the past five years, and interest rates below the European average.

Interest rates for loans of up to 12 months are generally around 7.5 per cent or lower. In the case of cash flow injections based on 15-25 per cent of the value of a given company's foreign sales in the previous year, interest rates rise to a maximum 8 per cent. In addition, *exporters* are entitled to tax relief within a similar band, although the real value of this is reduced by the frequent Government delays in handing it over.

Prefinancing of exports, particularly for capital goods and industrial plant, is also at *preferential rates rising to a maximum* 7.5 per cent, as is the financing of Spanish investment abroad—in practice frequently more preferential than domestic investment.

Medium- to long-term export credit runs on three bands according to whether the *country in question* is developed, semi-developed, or developing. For suppliers this runs from 7.75 per cent to 7.5 per cent on two- to five-year spreads, and from 8 to 7.5 per cent on loans of over five *years maturity. Credits for purchasers* have exactly the same rates, except that they are minimum rates while the suppliers' rate is fixed.

Credit to purchasers has in fact been the major innovation of the past five years.

When it was introduced in 1974, Banco Exterior financed exports in this way to the value of Pta 714m. Last year, however, *buyers of Spanish goods were* financed to the tune of Pta 85bn *from the bank's credits.* The success achieved by this type of credit arrangement has encouraged the Banco Exterior to set up credit lines on a country-by-country basis, particularly in the *wake of major diplomatic* initiatives.

Two question marks hang over the structure of Spanish export finance. The first and most pressing is that while credit for export is presently cushioning key sectors of Spanish industry, the revaluation of the peseta over the past 20 months has again focused attention on domestic stagnation, and the high cost of domestic credit.

The second and longer-term difficulty will be exposed once Spain begins the task of integration into the EEC. The high proportion of official and semi-official credit channelled through the "privileged circuits," the system of "credito de capital circulante," and the apparently *generous system of tax deductions* on exports, among others will undoubtedly come under a searching light in pre-entry negotiations.

هكذا من الأصل

Dramatic rise in sales preceded higher VAT

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SALES of durable goods jumped dramatically during June, ahead of the increase in Value-Added Tax. But trade appears to have dropped back in the last few weeks.

The volume of sales in durable goods shops rose by 15¼ per cent between May and June. The official index was 166 (1971=100), this was well above all previous months apart from April 1975 when the figure was 186. Sales then were exceptionally high ahead of the introduction of the luxury rate VAT.

Retail sales in all shops in June were nearly 6 per cent higher than in the previous month, according to the final seasonally adjusted index published yesterday by the Department of Trade. This stands at 120.3, slightly lower than the provisional estimate of 121.

The buoyancy of retail sales was reflected in a sharp rise in new credit advances by finance houses, other specialist consumer credit grantors and retailers. Total advances in June were £681m on a seasonally adjusted basis, compared with £622m in the previous month.

There are signs that spending in the shops has eased since the increase in VAT was put into effect on June 18. The weekly sales of the department stores of the John Lewis Partnership in the last five weeks have been running only slightly ahead of last year's levels in current prices (let alone in real terms) after showing substantial increases above the 1978 figures earlier this year.

The high level of retail sales in June has meant that the average volume for the first half of 1979 as a whole was about 1½ per cent above the average level for the final three months of 1978.

On the same basis of comparison sales by durable goods shops rose by 6 per cent while sales by clothing and footwear shops fell by 1 per cent. The volume of spending in other non-food shops, including department stores and mail order business, rose by 1 per cent and food shop sales increased by 2 per cent.

The value of total retail sales in June was 20 per cent higher than a year earlier, while over the first half of the year as a whole the average value of sales was 15 per cent higher than in the same period of 1978.

Total advances of hire purchase and other credit in the April-to-June period were 18 per cent higher than in the previous three months. Lending by finance houses and other specialists increased by 25 per cent—reflecting the buoyancy of car sales—while advances by retailers rose by 9 per cent.

The total amount outstanding to all providers of consumer credit was £6.83bn at the end of June, an increase of 24 per cent on the total a year earlier.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by		Total debt outstanding (unadjusted)	Retail volume (revised)	
	Finance Houses	Retailers		Total	Durable goods shops
	£m	£m	£m	(1970=100)	
1978 1st	807	565	5,053	106.4	124
2nd	901	605	5,495	107.9	129
3rd	912	647	5,785	110.7	134
4th	966	618	6,130	111.7	134
1979 1st	931	652	6,287	110.3	131
2nd	1,160	709	6,830	116.7	153
1979					
January	300	225	6,150	109.6	127
February	312	220	6,226	110.4	137
March	319	207	6,287	110.8	129
April	340	226	6,399	115.4	144
May	389	233	6,597	113.5	144
June	431	250	6,830	120.3	166

Source: Department of Trade

Five replacements for health rebels

BY LISA WOOD

THE GOVERNMENT yesterday announced the appointment of five commissioners to take over the duties of 33 members of a rebel South London Area Health Authority.

The rebel members of Lambeth, Southwark and Lewisham AHA were suspended by Mr. Patrick Jenkins, Social Services Secretary, after they voted not to cut spending by £5m to stay within Government spending limits.

Minority

The five commissioners, who will immediately look into ways cuts can be made, will be led by Sir Frank Hartley, a chemist and former Vice-Chancellor of the University of London.

Two former members of the dismissed AHA, who were among the minority of seven who voted for cuts, have been included. They are Sir John Prideaux, a director and former chairman of the National Westminster Bank, and Miss Peggy Nuttall, a former editor of Nursing Times.

The other two commissioners are Mr. Geoffrey Templeman, Vice-Chancellor, University of Kent, and a member of the South East Thames Regional Health Authority, and Dr. David Williams, former Dean, King's College Hospital Medical School.

The Government's appointment of the commissioners has been swift—a mere six days after the AHA members were suspended.

Some observers believe this was in order to avoid overt discontent among the Labour minority on the area's regional Health Authority, which meets this Thursday. Sir John Donne, chairman of the South-East Thames RHA, last week agreed to temporarily take over the functions of the AHA without holding a full-scale meeting of the authority.

The appointment to the commissioners may have averted a dispute within the RHA but there is still large-scale discontent over the suspension of the AHA members and the cuts.

Difficult

Mr. Ted Knight, leader of the Labour - controlled Lambeth Council and a member of the Regional Health Authority, said: "We can make life difficult and we will certainly not co-operate in making cuts."

Mr. Harry Barker, the National Union of Public Employees Greater London divisional officer, said his union would be holding a branch secretaries' meeting today. He believed they would decide not to co-operate with the commissioners or with any cuts.

Quick start to new round of North Sea exploration

BY RAY DAFTER, ENERGY EDITOR

THE offshore industry has made a quick start on exploration under the latest round of North Sea oil and gas licences.

Arco Oil Producing, a subsidiary of the U.S.-based Atlantic Richfield oil corporation, has started to drill an exploration well on block 20/1 in the Moray Firth area only five days after the sixth-round licence was issued by the Energy Department.

The well, some 65 miles north-east of Aberdeen, is being drilled from the Odeco Ocean Voyager, a semi-submersible drilling rig anchored in 311 feet of water. Arco operates an *offshore* joint venture group with British National Oil Corporation.

Arco said yesterday that the well marked the start of a drilling programme on two adjacent blocks, 20/1 and 14/26.

The quick response by Arco will come as some relief to the Energy Department which has become concerned about the low level of exploration activity in the North Sea. Mr. David Howell, Energy Secretary, has told the offshore industry that he will allow companies greater operating freedom, with less involvement of BNOC, on the understanding that they step up their rate of exploration drilling.

It was hoped that companies would begin drilling on sixth-round blocks this year although the main impetus to exploration is expected to come next summer.

So far 14 of the 42 blocks conditionally awarded under the sixth round of licences have been confirmed by the Government. Another batch of licences is expected to be ratified within a few days.

Already the Energy Department is preparing to offer companies a seventh round of licences which should give exploration work a further boost in 1981.

BNOC has called on the Government to make its licence drilling requirements much tougher. This follows an internal study which — as reported in the Financial Times yesterday — shows that some companies have failed to drill on blocks awarded to them in previous rounds of licences.

The results of this study were challenged yesterday by Mr. George Williams, director general of the UK Offshore Operators Association. He said that the statistical analysis gave a misleading picture of the industry's exploration record.

"I wish people would give the oil industry some credit," he said. "It has brought this country almost to the point of self-sufficiency in oil in a very short time and in one of the most hostile environments that exists. We should be given credit for that."

The BNOC study shows that of the 371 blocks and part blocks allocated in the first four rounds of licensing and still held by offshore operating groups, some 38 per cent remain unexplored.

BSC shares in oil deal

AN INTERNATIONAL consortium, including British Steel Corporation's Redpath Dorman Long (International) subsidiary, is to share in a £40m ($90m) Brazilian oil platform construction contract.

The contract, awarded by Petrobas, the Brazilian state oil company, covers the design, enginering, construction and installation of the platform to be located offshore in the Campos Basin. It will be installed in a water depth of 170 metres in the Namarado Field.

Sharing in the work with RDL will be Tecnica Nacional de Engenbaris (Tenenge) a Brazilian contractor; Fabrica Estruturas Metalicas (FEM), a Brazilian structural steel company; and Heerema Marine Contractors of Holland.

Prestcold to import French compressors

BY RAY PERMAN, SCOTTISH CORRESPONDENT

PRESTCOLD IS to import and market in the UK under its own name a range of French refrigeration compressors. They will overlap with the models made at its own Glasgow factories, which are to be closed next month.

Unions at the two Glasgow plants, where 900 jobs will be lost, are angry. They say they were told that one reason for the closure was Prestcold's desire to move out of the market for smaller compressors.

Under an agreement to be announced this week Prestcold will import compressors made by L'Unite Hermetique, of La Verpilliere, under licence from Tecumseh, of the U.S.

At the lower end of the range they are similar to Prestcold's commercial models made in Hillington, Glasgow, also under licence from Tecumseh, although most of the Scottish output is designed for domestic rather than commercial refrigerators and freezers.

Prestcold said last night that it was not attempting to provide a substitute for the Glasgow output and that the French imports would not exceed 12.5 per cent of production at Hillington.

"It is a very small part of our business that is involved here," an official said, "but the jobs of our 1,200 employees in sales offices and 1,000 in the remaining two factories depend on Prestcold being able to offer the complete range of commercial refrigeration equipment."

Redundancy terms have been negotiated for the Glasgow plants, which will close on September 7.

Last year the Scottish factories lost £800,000. Losses this year are expected to rise to £1.25m.

Bank chairman calls for plan to cut inflation

FINANCIAL TIMES REPORTER

A CONCERTED international masterplan to reduce inflation was called for yesterday by Sir Jeremy Morse, chairman of Lloyds Bank.

He told delegates to the international banking summer school in Cambridge that the major nations should agree a programme to get inflation down from an average of 10 per cent to 5 per cent or less in the next two to three years, taking advantage of the recession which the present "oil-shock" is causing.

A programme of this sort had been unveiled by the OECD in 1974-75 when the average inflation rate was being reduced from 13 per cent to 8 per cent. "This time it will need to be more comprehensive, involving conservation and development of energy, on which a start was made at the recent Tokyo summit; co-ordination of fiscal, monetary and incomes policies within each country; and mitigation of the more harmful effects of continued high unemployment. It will need more sustained commitment and closer monitoring."

Sir Jeremy also proposed that the major nations should strike a bargain with the OPEC nations, on the basis of which the programme would offer the latter a steadier world economy to sell into, less erosion of their currency reserves and a slower depletion of their oil reserves.

"In return for these benefits —and with close monitoring to demonstrate that they were being achieved — the OPEC nations could undertake to maintain a steady flow of oil, and to keep the price moving up continuously (not in spasmodic hikes) at something under the average rate of inflation."

In this way they, too, would contribute to a return to lower inflation rates in the world, which was the prerequisite for stable and sustained growth, Sir Jeremy said.

He went on to warn that in the absence of such a master plan the world could only look forward to third, fourth and further oil-shocks, each slowly increasing the risk of one or other major catastrophe.

Motorfair to sue over 'exhibition agreement'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ORGANISERS of Motorfair, a car show to be held at Earls Court, London, has instituted legal proceedings against the Society of Motor Manufacturers and Traders (SMMT).

SMMT members, who include most of the UK-based vehicle manufacturers and importers, have agreed not to support Motorfair but instead to concentrate their efforts on the SMMT-sponsored International Motor Show to be held in Birmingham in October.

Earls Court and Olympia Ltd., organiser of Motorfair, has asked the High Court to grant an injunction restraining the SMMT from giving effect to its "exhibition agreement."

It has also lodged formal applications with the Office of Fair Trading and the European Commission about the agreement.

The SMMT said last night it will contest the proceedings.

Mr. Christopher Stewart-Smith, chairman of Earls Court and Olympia, a subsidiary of Town and City Properties, said that the action was an attempt to clarify the long-term position of the exhibition agreement.

"We think it right and reasonable for London to have its own motor show and the agreement could act as a damper on the show in future."

Ulster to close Irish coin loophole

NORTHERN IRELAND banks will no longer change 50p. 10p and 5p pieces from the Republic of Ireland at par with British coins from the end of business next Monday. They will continue to do so for 2p and 1p coins.

Most Irish coins, like Irish banknotes, will thus become foreign currency in Northern Ireland. It is estimated that of the £16m total of coinage in circulation *in the province, £6m* is southern Irish.

The main reason for the move, which was announced by the Northern Ireland Bankers' Association in Belfast yesterday, is the exchange loss involved in accepting Irish coins at par. For the past five months the Irish pound (punt) has been at a discount to sterling.

The association estimates the loss at about £1m since the currencies *split in April.*

The disparity in values between the punt and sterling began just over a fortnight after the European Monetary System started in March with Ireland as a member while Britain remained outside. Ireland had honed to maintain parity with sterling, *if only* because nearly half its trade is bound up with Britain.

The strength of sterling, however, would have obliged Ireland to break the upper limit of the 2¼ per cent fluctuation margin permitted to the punt within the EMS. The link was broken, and for the first time Ireland imposed exchange controls against the British pound.

Confusion

In Northern Ireland, where the two currencies were totally interchangeable, shopkeepers and publicans refused to accept Irish notes at first.

Confusion was compounded because the four main banks in Northern Ireland—the Northern, Ulster, Provincial (subsidiary of the Allied Irish Bank) and the Bank of Ireland—have for long issued their own notes.

Mr. Rafton Pounder, secretary of the Northern Ireland Bankers' Association, said: "We had a great deal of trouble getting shopkeepers to accept Bank of Ireland notes." They had always done so in the past but were now confused because the bank's name suggested that it should be the country's central bank, which is it not.

Now the situation is clearer. Virtually all shops, restaurants and public houses will accept Irish banknotes but at the rate *of 90p for £1. The punt on* foreign exchanges was fetching 91p yesterday.

Campaign to restore confidence in DC-10

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS, the U.S. manufacturer of the DC-10 jet airliner, has begun a major world-wide advertising campaign to restore customer confidence in the aircraft, after the crash at Chicago in late May which killed 273 pasengers and crew.

The large display advertisements, apearing in national daily newspapers and prominent news magazines, are designed to reassure would-be travellers that the DC-10 comes from the same high-technology team that helped to put men on the moon in the Apollo programme.

McDonnell Douglas will not say how much the campaign is costing, but it is thought likely to be several million dollars.

The company is just as concerned about its image with buyers of the DC-10. So far, no orders have been cancelled, although last week, unconfirmed reports suggested that Alitalia of Italy might buy Boeing 747 Jumbo jets instead of more DC-10s.

McDonnell Douglas wants to ensure that it goes on selling the DC-10 through the 1980s, when it expects to pick up orders from new customers, and follow-on orders from existing customers.

The advertisements will be appearing in the UK over the next few weeks in the Daily Telegraph, Financial Times, Guardian, Express, Daily Mail, the Observer, Flight International, Economist and Punch.

W. German nuclear reactors significantly better, says study

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR REACTORS built by West Germany have performed significantly better than those built by any other country, according to an analysis of light water reactors built in the last 10 years.

The study, carried out at Imperial College, London, seems to have implications for the choice of an overseas partner to build a demonstration light water reactor in Britain. But it is understood that the electricity supply industry has already chosen a U.S. partner.

The study was made by Dr. Nigel Lucas, of the Department of Mechanical Engineering at Imperial College and an energy adviser to the House of Lords, and Mr. P. J. Thompson, now with Brown Boveri in Switzerland. They analysed the performance of 106 light water reactors in Europe, the U.S. and Japan.

The analysis was based on the figures for "capacity factor" filed by reactor owners with the International Atomic Energy Agency in Vienna.

Capacity factor is defined by the researchers as being the electricity (gross) produced by the reactor divided by the electricity capacity expected by its designer.

The researchers conclude that the performance of the 62 pressurised water reactors (PWRs) has increased strongly and continuously with time, but that boiling water reactors (BWRs) have developed far less well.

Their analysis discloses five key points in the performance of the reactors studied.

Differences

First, there were significant differences between reactors made in different countries, with German plants showing markedly better capacity factors than those from other countries.

Second, there was some fall in performance with increasing size of the reactor. Third, there was a marked chance of a reactor improving with age.

The fourth point is the learning effect as reactor builders gain experience. Finally, the researchers demonstrate that there is still much room for improvement in reactor performance overall.

One problem they encountered was the difficulty of assigning a start-up date for some reactors, particularly those in Japan. The owners tended to withhold performance figures until the reactors were performing reasonably well. This could lead them to provide cumulative electricity figures covering more than one year of operation, giving capacity factors apparently in excess of unity for the first year of operation.

Age, size and learning effects in light water reactor operation, by N. J. D. Lucas and P. J. Thompson. Department of Mechanical Engineering, Imperial College, London SW7. £100. ($250 airmail).

Petrol tax rise 'unnecessary'

THE GOVERNMENT was told yesterday by the Royal Automobile Club that even if it abolishes the £50 car excise licence it should be unnecessary to increase the petrol tax.

In a letter to Sir Geoffrey Howe, Chancellor of the Exchequer, the RAC said the recent budget increases in motoring taxes were expected to produce about £885m more a year.

This it said was about the *same as the amount needed* from extra petrol tax to compensate for the abolition of vehicle excise duty.

Mr. Jack William, RAC policy committee chairman, said: "This will raise the total revenue from motoring taxes to about £6bn a year, whereas the Government's current spending on the new trunk road system is now only at a level of about £600m. Therefore, if it should still be intended to abolish the vehicle excise duty there should be no further increase in petrol tax."

At present about half the *price of a gallon of petrol is* excise duty (47p) and Value Added Tax.

The RAC said it felt that in any event petrol tax should be reduced as soon as possible, because the burden of motoring taxation was excessive in relation to Government spending for motorists' benefit.

The Labour Government's proposals to abolish vehicle excise duty were met with vigorous opposition by road transport groups. Mr. Norman Fowler, the present Transport Minister, has said that instead of going ahead with Labour's plans he will be reviewing the whole operation of the tax.

The pipes! from war to O-level

Other men's Jobs: Ray Perman tells of the £ notes to be found in the skirl of the pipes

IN THE OLD days, says Alistair Sinclair, bagpipes were a weapon of war rather than a musical instrument. The cynical, the intolerant and the unsympathetic, even among Scots, might say that the statement was still true.

But nevertheless, the pipes and pipemakers are enjoying a boom period just now which is giving craftsmen like Mr. Sinclair all the business they can handle.

The manufacture of Scotland's most characteristic product has, like all industries, had its ups and downs and has its complaints to make. Of bureaucratic interference for example: nothing so simple and harmless as high levels of corporate taxation or EEC directives.

Pipe-making was banned by the Government for a lengthy period after a little local difficulty in 1745 — a drastic move, although Bonnie Prince Charlie, a staunch ally of free enterprise, was a little ahead of his time in his ideas on regional development.

There have been other problems—two major redesigns to keep pace with market demand (a second drone added in the 16th century, a third only 200 years later) and a switch to more expensive imported raw materials.

Whereas the warriors of yesteryear were content with pipes made from locally-grown bogwood or hawthorn, today's discerning musicians demand the finest African blackwood.

With a rise in demand that even the Highland clearances failed to stifle and the increase in unit costs, it is little wonder that someone—an Irishman—is making pipes in plastic.

But Scotland remains true to the old traditions and—although we have it on the authority of the Scottish Development Agency that "the bagpipe existed throughout Europe from Ireland to Macedonia" in the Middle Ages—for most people, from Breton folk singers to Gurkha bandmasters, bagpipes are now synonymous with Scotland.

For most of the handful of pipemakers working at the trade today, wood turning is in the blood. Allistair Sinclair took over the business of Wm. Sinclair and Son of Leith from his father, who retired not so much to devote himself to a life of leisure, but more to escape from the troublesome form-filling and account-keeping which goes with running a company, to get back to the satisfaction of the *basic craft.*

The Sinclairs originated in Caithness. Great-grandfather made feeds for pipes. Grandfather progressed towards making the whole instrument when he made the trek south to Leith in the 1880s. And William Sinclair taught Allistair the skills 16 years ago. The apprenticeship is five years long and exacting.

A pipemaker has to learn not only how to turn wood, but how to make his own tools. The specialised chisels and gauges are not manufactured commercially. He must know the basic characteristics of the pipes *and of the wood, the shapes and* sizes of the bores and stems that will give the drones their unmistakeable note and the chanter, on which the tune is played, its perfect pitch.

Although the basic dimensions are common to all pipes, the patterns of them differ from *manufacturer to manufacturer* and from craftsman to craftsman. They are not written down, there are no drawings to follow.

The apprentice develops his own style, so that to his colleagues in the workshop it is as distinctive as a signature, although each set of pipes must be recognisable as the product of the company.

It is possible to buy a set of pipes straight from the shop—off the peg as it were. But if you want a set of Sinclairs they will be specially made for you and you must be prepared to wait nine months to a year and pay anything from £200 to £1,500.

Even for that modest lower price you will get a hand-crafted instrument on which even the plastic fittings that finish the ends of the drones and chanter are hand turned on the lathe rather than mass-produced in a mould. Pay a little extra and you get ivory instead of plastic. For the top price all your fittings will be made of silver, hand engraved with either a thistle or a Celtic knot pattern.

The bags, contrary to the popular belief, are not pigs' bladders; they would probably not be strong enough to withstand the pressure when a set of pipes is in full skirl. They are hand sewn from either sheep skin or cow hide and impregnated with a mixture of glycerine, glue and disinfectant to make them airtight.

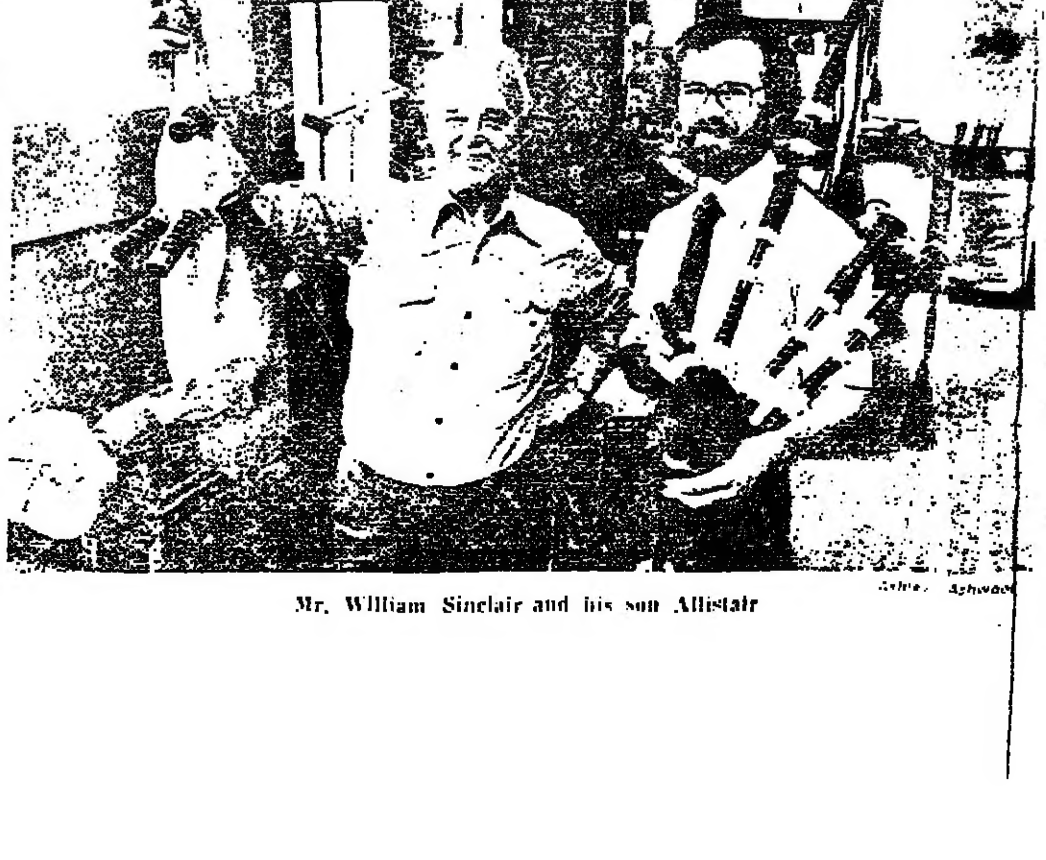
The choice of material is important, since the bag must hold a certain amount of moisure to keep the instrument in best condition.

The final embellishment is the tartan which covers the bag and joins the drones in a ribbon. The customer specifies his own tartan according to his clan or his band. Edinburgh Police Band, for example, with a hint of Celtic pride, chose that of Charles Edward Stuart—Bonnie Prince Charlie.

One of the legacies of empire is a proliferation of pipe bands all over the world so about half of the 150 or so sets made a year go abroad and the home market looks secure.

"Piping is now being taught in schools in Scotland—you can actually take an O level in it—so there is a big demand from that direction," says Allistair.

Tomorrow: British Rail Frogmen



Mr. William Sinclair and his son Allistair

Civil servants weighting increased

BY OUR LABOUR STAFF

CIVIL SERVANTS working in London are to receive increased London weighting allowances back-dated to April 1, implementing an accurate updating of the former Pay Board's report of 1974.

About 100,000 civil servants, working in inner London, defined as up to a five miles radius from Charing Cross, will receive £780 a year. About 50,000 civil servants in outer London, for staff employed in miles from Charing Cross, will an area five to approximately 18 be paid a £325 allowance.

Previous allowances had stood at £524 per year for Inner London and £275 for Outer London. The settlement will be financed out of existing cash limits.

Mr. Bill Kendall, the secretary-general of the staff side of the Civil Service National Whitley Council said the settlement represented an accurate updating, using official Employment Department figures, of the Pay Board's 1974 report on London weighting.

Rates had not been correctly adjusted last year because of income policy restraints and the refusal of the last Government to permit arbitration. The April 1 settlement date had also been protected by the new settlement.

TV clash coming to a head

BOTH SIDES involved in the independent television pay dispute indicated yesterday that it was coming to a head after the three unions concerned had rejected a 15 per cent offer.

The Independent Television Companies' Association, representing the 15 commercial stations, wrote last Friday to the National Association of Theatrical, Television and Kine Employees, the Electrical, Electronic, Telecommunication and Plumbing Union, and the Association of Cinematograph, Television and Allied Technicians, threatening to suspend their members who were not working normally.

Two television companies, Yorkshire and Harlech, have already suspended their electricians. Harlech did so on August 3 and Yorkshire yesterday. Both maintained a service although Harlech had to drop its coverage of the Welsh National Elsteddfod.

Mr. Jack O'Connor, the ACTT's national independent television officer, complained that the companies had not been negotiating seriously. He said no meeting had lasted more than 40 minutes.

The ACTT has not mentioned a percentage figure in its claim but estimates that the shortfall in pay is 27.2 per cent. It is prepared to take its case to an outside body for examination.

The Advisory, Conciliation and Arbitration Service has been closely watching the situation but has not been asked to intervene.

Perkins key men walk out

PRODUCTION at the Perkins diesel engine plant in Peterborough is threatened by a strike of 140 key workers. They are all engine testers who refuse to accept new technology until they get more pay.

They walked out yesterday after being told to report for work on a new £2m test cell which will streamline procedures for testing 1,000 lorry, marine and farm machinery engines which leave the plant daily, mainly for export.

Negotiations over a new pay deal involving 400 engine testers have broken down. But the company sent out letters saying that they intended to *operate the new facility.*

The strike started as the men returned to work after their two-week summer holiday. A prolonged standstill will halt production lines. Finished engines will not be able to leave the factory.

The management said last night: "140 men stopped work when the company informed them of their intention to ask specified individuals to attend a training session in connection with the new test cell complex. Other work areas have not been affected so far."

Earlier this year, production at the plant, which is one of the world's biggest producers of diesel engines was halted for five days when 7,000 workers came out on strike over a pay claim.

Chancellor to see union on Customs staff cut

BY GARETH GRIFFITHS, LABOUR STAFF

A MEETING is to be arranged between Sir Geoffrey Howe, Chancellor of the Exchequer, and representatives of the Society of Civil and Public Servants to discuss union grievances over Government cuts in the Customs service.

The union yesterday asked the Chancellor for a meeting this week. Some of its members have been working to rule since Saturday in protest at plans to cut 1,800 customs jobs this year. Their action is planned to last two weeks.

A Treasury spokesman said last night that Sir Geoffrey wanted to meet union representatives soon. The SCPS met the Chancellor at the beginning of July before the cuts were officially announced.

Union officials will tell the Chancellor that the cuts will leave the UK open to widespread Customs evasion. Seizures of contraband goods, one third of them drugs, have more than doubled since the work-to-rule began.

The SCPS will repeat its argument that staff cuts will lose the Treasury revenue. Miss Judy McKnight, national officer for the union's customs section, said that at their last meeting the Chancellor had seemed prepared to accept revenue loss rather than change his policy on Civil Service cash limits.

About 6,000 Customs officer members of the union and 2,000 clerical staff of the Civil and Public Services Association are involved in the work-to-rule. The SCPS called the effect last weekend "spectacular" and said it was pleased with the support it got.

Miss McKnight said she thought the public was becoming more sympathetic to the Customs officers' case. The action had demonstrated the union's belief the UK was wide open to smuggling.

She hoped the Chancellor would show that he shared the union's concern over Customs evasion and reconsider the proposed cuts. The Customs and Excise Department has stopped recruitment since April. It was the first department to introduce specific plans for a 3 per cent reduction in Civil Service staffing.

Delays at airports and ports are not expected to be serious during the week. Yesterday passengers experienced minimal delays, most of which were blamed on heavy holiday traffic.

The Department of Customs and Excise last night said that more contraband had been seized since the work-to-rule began but attributed part of the increase to a peak holiday period.

ICI workers may accept 15%

BY OUR LABOUR STAFF

ICI manual workers were believed yesterday to have voted to accept a pay offer worth more than 16 per cent overall.

With more of the votes counted, members of the Transport and General Workers' Union are thought to have accepted the offer by about three to one. Members of the General and Municipal Workers' Union are understood to have accepted by about three to two. The final result of the ballot should be known tomorrow.

The negotiations have been difficult partly because the unions have been attempting to agree on pay differentials and competing claims between general and craft unions.

The craft unions, however, are also thought to be on the point of accepting.

The company's offer, which covers 50,000 workers, would give 12 per cent increases to the lowest grade and 18 per cent to the highest, ranging from £6.94 to £13.63 a week.

The *unions said* yesterday that they were receiving notice of further settlements in chemical companies covered by the industry's national agreement which ended in June.

Unions have instructed local negotiators to ensure deals above the national claim. But negotiations with some companies have been difficult, and some shop stewards may request powers to call industrial action.

Chemical industry unions have suspended their involvement in the industry's sector working parties while they try to clarify the Government's view of "industrial strategy."

Strike by 8,000 at Pilkington

A 24-HOUR strike by 8,000 Pilkington workers will take place today in support of a pay claim. The process workers at *the UK's biggest glass manufacturer* have rejected an overall 15 per cent offer with rises in basic rates of between 11 and 12½ per cent.

On Thursday 34 senior convenors from Pilkington plants in St. Helens, Scotland, Yorkshire and Wales are meeting in St. Helens.

Mr. David Warburton, General and Municipal Workers' national officer, said: "There is a possibility of them considering further action.

"The company is saying, 'We have made an offer and we are not going to be moved.' I am still anxious to sit down and negotiate but they show no sign of doing so."

The company says that with new productivity and shift rate payments negotiated earlier this year its total wage bill would increase *by 20 per cent.*

Plea to break deadlock in N. Sea catering dispute

NORTH SEA catering workers and their employers were yesterday urged to break the deadlock in their dispute, which is now in its second week.

The plea came from the Inter Union Off-shore Oil Committee which met in Aberdeen to discuss the wages strike by more than 500 off-shore cooks and stewards.

The committee said it was giving 100 per cent support to the pay claim by the workers, who *are seeking £800 for a two-week-on,* two-week-off period.

It was deeply concerned at the deadlock. Non-catering unions had pledged not to do the work normally carried out by the men.

The committee includes representatives of the two unions involved in the dispute, the Transport and General Workers' Union and the National Union of Seamen. It also has representatives of helicopter pilots, air traffic controllers, electricians and engineering workers.

North Sea supply boat crews at the main Scottish ports have followed an instruction from the seamen's union not to service rigs and platforms involved in the dispute.

The boats carry heavy equipment and materials to North Sea installations.

The employers, who say the unions' original claim totalled £14,000 a year, have offered £440 to the lowest grade steward with pro rata rises for other grades.

They say this equates to £5,720 a year for a cycle of 13 trips, and represents increases of 43 to 59 per cent.

Bus fares up

LONDON COUNTRY Bus Services, the south-east subsidiary of the National Bus Company, plans to increase fares by 10 per cent from September 9 to cover rising fuel costs.

Indian bank staff back at work

BY OUR LABOUR STAFF

CLERICAL STAFF at the five principal Indian banks with offices in the City returned to work yesterday after their unofficial walk-out on Friday in a dispute over pay. Further negotiations are expected later this week.

The Banking, Insurance and Finance Union, which negotiates for the staff, is attempting to secure the same level of settlement in foreign and domestic banks as it and the clearing bank staff associations achieved in the English clearers.

The union has *also* been trying to make up what it considers to be ground lost in pay rates within a number of foreign finance houses, including the Indian banks.

Salary rates

Mr. Steve Gamble, union assistant secretary, said yesterday that the Indian banks' offer involved increases of 18¼ per cent on salary rates for clerical staff and 19 per cent for *senior* grades.

He said negotiators were concerned at what they say are generally lower levels of pay in the Indian banks compared to those in the clearers.

Many of the foreign banks do not have the equivalent non-pensionable payments, on top of salaries, that are provided in the English clearers. With profit sharing schemes and the 2½ per cent annual bonus, this averages 6 to 7 per cent.

Central negotiations for the Indian banks cover the Bank of India, the Bank of Baroda, the State Bank of India, United Commercial and the Central Bank of India.

Small businesses criticise planners

FINANCIAL TIMES REPORTER

LOCAL AUTHORITY policy towards small businessmen has been criticised in a report submitted by the Association of Independent Businesses to the Greater London Council.

The report recommends greater flexibility in local authority planning policy. It claims the GLC's priority should be to recognise the importance of *smaller companies when* designing planning and rating policies.

"Planners should abandon their preference for all-at-once redevelopment, and the preference for zoning localities for single use," says the Association.

Businesses begun from the home should be recognised and encouraged; greater use should be made of old premises; zoning restrictions should be minimised and based on the criteria of actual disturbance, not by classification; planning decisions should be *speeded* up; and local authorities should be discouraged from building up and retaining large land banks.

The Association says that one way of ensuring a better response by local government to small business needs would be to "follow the national Government's example in appointing a small business minister to co-ordinate the work of various revelant departments."

But it is strongly against any local government initiatives either to provide finance or information for small businesses. It considers that this would be an ill-advised use of public funds.

The Association does not believe that local authorities have the ability to pick successful ventures. *It feels that* authorities would, on occasions, resort to political criteria instead of commercial sense when selecting recipients for funds. It is also concerned over the "decided risk of growing competition between various levels of government to attract a finite number of businesses using *ever more generous offers* of public money."

Construction outlook bleak

BY MICHAEL CASSELL

THE RECOVERY in output by the *construction industries in* 1978 will not be maintained this year or next, according to the latest joint forecasts from the Building and Civil Engineering Economic Development Committees.

Total output last year rose *7 per cent, the first annual* increase since 1973, but prospects have "taken a turn for the worse," largely because of the reduction in planned public expenditure.

The committees say that public sector housing will be worst affected in the construction sector. They suggest that the decline in public housebuilding will continue throughout the rest of 1979 and in 1980 although it may stabilise in 1981, implying a 47 per cent reduction in output since 1976.

Public housing starts—including those made by new towns and housing associations—*fell* from a peak of 174,000 in 1975 to 107,000 last year. The committees expect work to begin on 90,000 public sector homes, at most, during 1979. Next year, and the year after they forecast only 85,000 starts.

Completions this year, they say, should reach 110,000, against 131,000 in 1978, falling to 100,000 in 1980 and to 85,000 the following year.

In private housing about *20,000 fewer starts are pre*dicted for 1979, compared with the 1978 total of 157,000—the highest annual figure recorded since 1973.

The committees say that their last forecast for 1979 of about 145,000 is unlikely to be achieved, largely because *of* fiscal and monetary measures in the Budget. Such an annual outturn would call for an average of more than 13,000 starts a month during the rest of the year and there was no hint of that.

But with expectations that the building societies next year will be able to improve on their 1979 lending programme, the committees predict that private housing starts in 1980 will rise by 5,000 to 140,000, with a further increase to 150,000 in 1981.

In the public sector, excluding house building, two further years of decline are expected, with output this year repeating the 1978 fall of 3 per cent and falling by 4 per cent in 1980.

The committees say that although the Budget cuts *may* have little immediate impact on construction, except on water and sewerage schemes, further and larger cuts outlined by the previous Government seem inevitable, and this assumption *has been built into their pro*jections. Civil engineering is expected to suffer more than ordinary building.

In the private commercial sector the strong recovery of 1978 when output rose 13 per cent, is expected to moderate *to about 6 per cent this year,* with a further 2 per cent increase in 1980. Little change is expected in 1981.

Private industrial work this year is predicted to rise 2 per cent after 8 per cent last year, but a 2 per cent drop in 1980 is likely to be followed by one of 4 per cent in 1981. Repairs and maintenance—largely responsible for the industry's *overall improvement in per*formance in 1978—are expected to rise 4 per cent this year, remain stable in 1980 and rise 2 per cent in 1981.

Mr. Richard Hermon, director-general of the National Council of Building Material Producers, *said yesterday that* unless the continuing decline was halted, the industry's ability to meet any upsurge in demand could be jeopardised.

Construction Forecasts—1979-80-81. Building and Civil Engineering EDCs. HMSO and NEDO Books, Steel House, 11 Tothill Street, London, SW1, £3).

Gloom over textiles despite higher output

BY RHYS DAVID, TEXTILES CORRESPONDENT

PROSPECTS are gloomy for Britain's clothing and textile industry, say manufacturers—in spite of high levels of activity in many sectors and optimistic forecasts from retailers.

This is one of the main conclusions of the latest CBI-NEDO survey of trends in the industry—a quarterly exercise aimed at providing manufacturers with an overview of developments *throughout the textile field,* from the processing of raw materials to the shops.

The main loss of confidence in manufacturing is over export prospects, with all 20 sectors covered—ranging from shirts and dresses to worsted weaving and man-made fibres—more *pessimistic about the future.*

Orders

Most describe their export order book as below normal.

This pessimism contrasts both with the findings of the last survey and with the state *of trade reported elsewhere by* manufacturers. All end-product sectors — those supplying finished goods to the shops—report a rise in the present volume of new orders. More than half the upstream sectors—those making yarn and fabrics—make a similar comment.

Most sectors also report increased output, and all end-product sectors and a majority of upstream sectors expect output to continue to improve.

Skilled labour shortages rather than sales or orders are also seen in the end-product areas as the most likely constraint on output.

As in other recent surveys, the retail sector remains relatively optimistic. The sector has been benefiting for more than a year from a high level of consumer expenditure. It is expecting this to continue as a result of higher incomes in the autumn, when lower levels of tax and higher wage settlements come through.

In spite of retailers' predictions of good levels of trading, manufacturers expect their *order books to worsen, leading* to reductions in output. They appear to be gearing down accordingly.

Call to speed sales of petrol by metrication

FINANCIAL TIMES REPORTER

BECAUSE OF the rising price of petrol the Motor Agents Association has asked the Metrication Board to try to speed up metrication of forecourt pumps.

Most pumps cannot record prices higher than £1.99 a gallon. Some, whose limit is 99p, show prices in half-gallons.

As the limitation affects more than half Britain's 100,000 pumps the Metrication Board is to seek support for the change from oil companies and equipment manufacturers. *Oil* companies have been invoicing garages in litres for the past two years.

Food industry 'misses European opportunities'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S FOOD and drink industry has become less competitive since Britain joined the EEC, according to an article in the National Westminster Bank quarterly review.

The article, by Mr. John Nicholls, of Bath University School of Management, says that Britain joined the EEC with the second largest food industry in the world after the U.S.

He went on saying that this made the UK food and drink industry self-confident and meant it looked forward to a prosperous future both in the UK and Europe. "But far from prospering, profitability slumped and severe cash flow difficulties were experienced."

The article suggests that, excluding some successful exporting of convenience foods, "many of the opportunities which seemed to be present before accession now appear to have gone, and the UK industry is almost certainly less competitive in an EEC context today, than it was in 1972."

Opportunities lost by UK companies, according to the article, include import savings in the meat and dairy sectors. Beet sugar has prospered at the expense of cane sugar as expected, but the margerine industry has not been able to expand as expected because of EEC and UK Government intervention on behalf of butter, the article says.

Mr. Nicholls also suggests that the UK industry's production efficiency has been brought into question since the UK joined the EEC.

He concludes that the blame does not largely lie with the EEC's institutions but with the UK's domestic recession, intense competition in grocery retailing, and UK Government intervention.

● NEWS ANALYSIS—NEWSPRINT PRODUCTION BY JOHN LLOYD

Dollar fall threatens UK manufacturers

THE WEAKNESS of the dollar is now threatening the future of newsprint production in the UK. Both Bowater and Reed, the two British manufacturers, have warned customers that they may be forced to withdraw from the market and these warnings do not seem exaggerated.

This is especially the case *with Bowater. It is the larger* of the two, producing 225,000 tonnes a year, most coming from its plant in Ellesmere Port. In the first half of this year, newsprint has lost the company £1.45m; over the past five years, the division has had an indifferent record.

For Dr. Ingram Lenton, the chairman of Bowater UK, it is particularly galling to see losses, for he has put Ellesmere Port in the top 25 per cent of the world's paper mills' efficiency league, and pays tribute both to workers and management.

Reed is less hard hit, since it has something of a protected market in Mirror Newspapers, and uses a lower cost raw material, waste paper. But it, too, has made losses on newsprint and appears determined not to go on doing so.

Currency clause

Both producers have been hit by the operation of a currency clause, to which they reluctantly agreed to in 1977, which has forced them to return to their customers up to £50 a tonne (on a posted price of £255 a tonne) as the dollar sank against the pound. For the Canadian suppliers—whose currency is even weaker than the U.S. dollar, now standing at C$2.70 to the pound—the currency clause has been no problem, and they have made large profits, and have been able to keep prices down.

Last month, the British producers gave up the *unequal* struggle and raised their new prices, Bowater coming out at £233.68 a tonne and Reed at £229.50. The Canadian suppliers have raised, too: the bulk of them starting to rebate at a higher dollar/pound price—$1.95 compared with $1.75 in the original agreement—while International Paper kept to the $1.75 but put up the posted *price, from which the discount* is deducted, to £285. This made all Canadian prices about £210-£215.

So far, the Scandinavians have remained impaled on the original agreement, though their currencies, too, have strengthened against the dollar and most will admit that they are not doing well. Mr. Ian Fidler, deputy managing director of Lamco, the company which handles the interests of most Finnish suppliers in the UK, goes as far as to say they are "bleeding." Everyone *expects a tourniquet, in the* form of a price rise, to be applied *soon*, especially since the Scandinavian mills cannot keep pace with UK demand.

It may be, however, that the Scandinavians will hold prices for the rest of the year, and even when they raise them, may still substantially undercut UK producers' prices. What will happen to Reed, and more *especially to Bowater?*

Response

The purchasers of newsprint—the big newspaper groups—are now mulling over their response. Some believe that price should rule: newspapers have problems enough without paying higher prices than they need, and if that means no UK production, so be it.

Others believe that self-interest is better served by looking beyond short-term price factors. They argue that *if Bowater and Reed are forced* to close newsprint mills—which they accept is a strong possibility—UK newspapers will be wholly dependent on foreign suppliers, who might then combine to force up prices. Lacking a domestic counterweight, the users would be forced to pay up.

Avoiding this means, of course, paying more for UK *newsprint, and making sure the* orders to UK mills continue at viable levels. It is unlikely that the Government will intervene directly—though some users believe that a request to newspapers from Government to buy British might be a help.

The effects of closure would be unpleasant. Bowater has the bulk of its production in Ellesmere Port, where little else but newsprint is produced. Closing that plant would put 2,000 workers on the dole in an area of already high unemployment: the company reckons that a *further 2,000 might be affected in supply industries.*

Further, the loss to the Forestry Commission, from which Bowater buys its wood pulp, would come out at £15m, and put the commission into loss. Bowater's production contributes £35m to the balance of payments.

Laid off

It is less easy to quantify the effect at Reed, since the two mills where newsprint is made, at Aylesford and Gravesend, Kent, both make other paper products as well. More than 2,000 workers employed there would be affected, and many would have to be laid off, if newsprint were lost.

Both producers' newsprint capacities would seem to depend on calculations now being made by their customers. They should know by the end of the year how essential they are deemed to be.

Executive Director

MAIN BOARD

for a British public company, a substantial engineering group with profits approaching £15m having significant interests both in the United Kingdom and North America.

- CORPORATE responsibility and involvement will be both in the business overall and from time to time in particular trading activities as priorities demand.

- OVERRIDING requirements for this key appointment are business acumen and the ability to create profit in the management of people and situations. These attributes will have been substantiated in the direction and general management of a successful subsidiary company or in a top management functional role in a large industrial group. A degree in engineering and experience of marketing and/or production of a diverse range of mechanical and electrical/electronic engineering products would be assets.

- QUALITY of personal accomplishment and stature is more important than age.

- TERMS are negotiable and could be attractive to candidates earning basic salaries of around £30,000 or more.

Those to whom this appointment is of interest are invited to write in complete confidence to K. R. C. Slater as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Deputy Editor

Midland Bank Group Newspaper

The Midland Bank Group Newspaper, based in Sheffield, requires a Deputy Editor.

The successful applicant will be a mature journalist of good judgment with a full range of editorial skills, preferably gained on national or leading provincial newspapers. He/she should also have a working knowledge of costing, budgeting and budgetary control, print buying and newspaper advertising.

The job entails travel and the ability to mix at all levels.

Starting remuneration will be not less than £10,700 together with the usual fringe benefits associated with a major world banking group.

Applications enclosing a full curriculum vitae should be addressed to:
N. V. Childs, Esq.,
Head Office Personnel Manager (Sheffield),
Midland Bank Limited,
Courtwood House,
Silver Street Head,
Sheffield, S1 3RD.

Midland Bank

FINANCIAL CONTROLLER IN THE LEISURE INDUSTRY (LONDON AREA)

The U.K. Organisation of a successful multinational group is seeking an experienced man or woman for appointment to the position of Financial Controller.

The successful candidate will provide commercial discipline and business acumen to a young creative management team of which he/she will be a key member. A qualified accountant, he/she will be responsible for the financial administration of the Company and its subsidiary and associated companies. This will entail the management of a staff of 50 currently utilising sophisticated computerised accounting techniques.

Applications are invited from candidates aged between 30 and 45 who have held senior management positions and are capable of making a significant contribution to the present and future profitability of a dynamic and progressive concern.

Please apply in writing enclosing a curriculum vitae to:

Andrew J. Cross Advertising Limited, Ref: AC48, 2nd Floor, Bedford Chambers, Covent Garden, London WC2E 8HA.

Andrew J. Cross Advertising Ltd

We are seeking for our Head office in Düsseldorf a well versed, dynamic

Securities Dealer

with several years' experience in German bond markets and special expertise in Eurobond trading. The successful candidate will be a native speaker of German, highly responsible, and ready to establish a wide range of business contacts.

We envisage a salary appropriate to these qualifications and will offer an excellent benefit package.

If you want to step into an important position in the further development of our securities and debentures business, contact J. Töniges, Manager, or forward an application including the customary details directly to:

Industriekreditbank AG Deutsche Industriebank

Personalabteilung
Karl-Theodor-Strasse 6
Postfach 1118
D-4000 Düsseldorf 1
W. Germany
Telephone: (211) 82 21 1

ASTLEY & PEARCE LIMITED

have a vacancy for a Sterling dealer, age early 20's, preferably with 1 or 2 years experience of the money market.

Salary and terms negotiable.

Apply in confidence to:

The Personnel Manager
Astley & Pearce Limited
80 Cannon Street, London EC4N 6LJ
Telephone: 01-626 2486

Crude Oil Trader

Sought by an established European oil trading company wishing to open an office in London.

- THE ROLE will be to generate new business in crude oil and to manage the trading and related shipping activities under guidance from the principals.

- ESSENTIAL REQUIREMENTS are successful practical experience of crude oil trading backed by current knowledge of the documentary procedures related to this activity. Fluency in English is imperative.

- AGE RANGE 32-42. Salary indicator £20,000 plus benefits.

Write in complete confidence to D. A. O. Davies as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

CHIEF ACCOUNTANT

to £10,000 plus car

The Business
We are one of the leading holiday tour operators in the UK and are based in Bromley, Kent, with a Group turnover of £45 million. Our success is based on a dynamic and entrepreneurial approach in this keenly competitive field.

The Appointment
We are looking for a qualified accountant (28-40) to join the central management team. This will entail working *closely with the Managing Director and the Group Financial* Director. The successful candidate will have responsibility for the finance function of Intasun Ltd. (with a staff of 30) including the development and extension of the recently-installed computerised system. He (or she) will also be called on to advise the Board on company and group financial problems.

The Candidate
We need a self-motivated person able to adapt quickly in a fast-moving business and keen to develop a career.

The Remuneration
We can offer a salary of up to £10,000 plus car, pension scheme and other benefits including opportunities for travel in Europe.

Send career details to:—

Peter G. Woodward, MBA, FCA, ACMA
Group Financial Director
INTASUN LIMITED
Leisure House, 29/31 Elmfield Road
Bromley, Kent BR1 1LT

SALES EXECUTIVE

FINANCIAL WEEKLY is seeking a self-motivated sales executive to sell financial advertising to a wide range of public companies. *The successful* applicant must be able to deal with people at senior level. A keen interest in the stock market would be an advantage.

Negotiable salary; other benefits include a company car, pension scheme, free life insurance and bonus.

If you would like to grow with this successful financial weekly, please write or telephone:

Brian Coleman-Smith, FINANCIAL WEEKLY
9 Holborn, London EC1N 2LL - 01-405 7254

EXPORT HOUSE require Freelance Rep on commission basis covering Middle East. Write in confidence to Box A6862, Financial Times, 10 Cannon Street, EC4P 4BY.

SECRETARIAL APPOINTMENTS

P.A. TO DIRECTOR

IN POSITION OF TRUST

Salary in region of £5,000 p.a. Experienced person to work in W1 offices of UK member of international group, to assume executive responsibilities, capable of working alone, knowledge of German useful. Telephone 01-408 1612, Ext. 4.

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 31st July, 1979

Job Title	Salary	Location	Advertiser
Chief Accountant	£9,000 + car	Nr. Croydon, Surrey	Extel Recruitment
Taxation Accountant	£8,000	Slough	Wilkinson Match
Chief Accountant	—	London, W1	London & City Trust Ltd.
Financial Controller	£8,000 + car	Croydon area	Palmers Scaffolding Ltd.
Accountant	£9,000	City	IPS Group

For the full text of these advertisements please see the F.T. of that date or telephone Sally Stanley on 01-248 4497.

Emigrate To U.S.A. Refinery Executives $50,000 to $100,000 (U.S.)

We are a young, dynamic energy company that ranks among the largest United States companies. We are active in exploration, production, refining, and marketing. Implementation of our current intermediate range plan will quadruple our already sizeable operation.

We are seeking aggressive individuals with at least 8 years refinery operations experience to take on executive responsibilities as **Vice President of Refining, Refinery Superintendent,** and other related high level posts.

If you are seeking to emigrate to the United States to work for a company with which you can grow, that recognizes personal achievement, and which offers excellent salary and benefits including relocation assistance to the United States, send your resume in confidence to:

Box F.1135, Financial Times, 10, Cannon Street, EC4P 4BY.

STOCKBROKERS

HILL OSBORNE & CO.

Due to an impending retirement we have a vacancy in our LINCOLN OFFICE for an experienced

ASSOCIATE MEMBER

Applicants would be expected to have a sound investment business and be willing to settle in Lincolnshire (a very pleasant and economical county)

Adequate sporting facilities are available for the development of private clients' business in the congenial environment of a Cathedral City

Enquiries (confidence respected) to D. C. Strange at 47 Silver Street, Lincoln (0522 28244)

Independent Fine Wine Shippers

Situated in Central London are looking for a

Sales Office Manager

This position demands a person with administrative skills, and management ability, capable of leading a team of first class Sales Clerks.

The situation could be immediately progressive, leading eventually to the role of General Sales Manager, responsible to the Sales Director.

Commencing salary is negotiable at around £6,000 per annum plus attractive fringe benefits.

It is envisaged that correct application to this position would result in a salary between £8,000/£10,000 per annum.

Please write giving full details of career to date:

The Sales Director, Box A.6855, Financial Times, 10, Cannon Street, EC4P 4BY.

Managing Director

A plastics company in the Midlands, which is part of a larger group, requires a Managing Director to be responsible for the forward development of a profitable company with a present turnover of £8 million and employing 300 people.

An appropriate commencing salary will be offered together with a company car and the usual large group fringe benefits.

Please write stating age and giving details of background, experience and current salary to:

Box A.6856, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

MURATA MANUFACTURING COMPANY LTD.
(CDRs)

The undersigned announces that as from 15th August 1979 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg div.cp.no. 6 (accompanied by an "Affidavit") of the CDRs Murata Mfg. Company Ltd., will be payable with $1.50 net per CDR, repr. 100 shs and with $15.- per CDR, repr. 1,000 shs (div. per record-date 20.3.79: gross Yen 3.75 p.sh.) after deduction of 15% Japanese tax = Yen 56.25 = $.26 per CDR, repr. 100 shs and Yen 562.50 = $2.60 per CDR repr. 1,000 shs.

Without an Affidavit 20% Jap. tax (= Yen 75.- = $.35 per CDR, repr. 100 shs and Yen 750.- = $3.50 per CDR repr. 1,000 shs) will be deducted.

After 20.10.79 the div. will only be paid under deduction of 20% Jap. tax with $1.41 net per CDR, repr. 100 shs and with $14.10 net per CDR repr. 1,000 shs, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam.
23rd July, 1979.

NIPPON MEAT PACKERS, INC.
(CDRs)

The Board of Directors of Nippon Meat Packers, Inc., has announced that shareholders, who will be registered in the books of the Company on July 31st, 1979, will be entitled to receive a 10% gratis distribution of new shares.

Consequently the undersigned designated div.cp.no. 5 of the CDRs for this purpose.

In Japan the shares are traded ex-bonus as from July 27th, 1979.

Amsterdam, July 20th, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

THE SANKO STEAMSHIP CO., LTD.
(CDRs)

The Board of Directors of Sanko Steamship Co., Ltd. has announced that shareholders, who will be registered in the books of the Company on July 31st, 1979, Tuesday, as of 5.00 p.m. (Tokyo time) will be entitled to receive two new shares for each one hundred shares held.

Consequently the undersigned designated div.cp.no. 12 of the CDRs for this purpose.

In Japan the shares are traded ex-distribution as from July 27th, 1979.

The dividends of these new shares shall be paid for the fiscal year commenced on April 1, 1979.

Amsterdam, July 23rd, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

NIPPON CHEMICAL CONDENSER CO., LTD.
(CDRs)

The undersigned announces that as from August 15, 1979, at Kas-Associatie N.V., Amsterdam and Banque Internationale à Luxembourg S.A., Luxembourg, div.cp.no. 3 of the CDRs Nippon Chemical Condenser Co., Ltd. will be payable with US$ 39.24 per CDR, repr. 1,000 shs., accompanied by an Affidavit. (div. per record-date 31.3.79, gross Yen 10 p.sh.) after deduction of 15% Japanese tax = Yen 1,500.— = $6.92 per CDR, repr. 1,000 shs.

Without an Affidavit 20% Jap. tax (= Yen 2,000.— = $9.23 per CDR, repr. 1,000 shs.) will be deducted.

After 10.31.79 the div. will only be paid under deduction of 20% Jap. tax with $36.93 net, in accordance with the Japanese tax regulations.

Amsterdam, July 24th, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

Investing in North Sea and America oil and gas production through

Viking Resources International N.V.

Listed on the Amsterdam Stock Exchange.

The quarterly report as of 30th June, 1979 has been published and may be obtained from

Pierson, Heldring & Pierson N.V.
Herengracht 214, Amsterdam.

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
(F.M.C. Rate Agreement No. 8770)
NOTICE TO SHIPPERS/CONSIGNEES
CURRENCY ADJUSTMENT FACTOR

The Member Lines of the above Agreement operating services from the United Kingdom to U.S. Gulf ports in the range, Key West, Florida to Brownsville, Texas, wish to advise shippers and consignees that as a result of the continued depreciation of the U.S. dollar (i.e. tariff currency) in relation to the pound sterling it has become necessary to announce an upward revision in the present level of surcharge applied on ocean rates and charges to 17.5 per cent. effective by all vessels commencing to load at each individual loading port on and after 27th August 1979. This arrangement will be under constant review and adjustments made as the situation determines.

Atlantic Cargo Services AB
Combi Line
Thos. and Jas. Harrison Ltd.
Lykes Bros. S.S. Co. Inc.
Sea-Land Service Inc.

U.K./U.S.A. Gulf Westbound Rate Agreement.
Cunard Building,
Liverpool L3 1DS,
England.
August 1979

KOMATSU FORKLIFT CO., LTD.
(CDRs)

The undersigned announces that as from 24th August, 1979, at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and at Banque Générale du Luxembourg, 14 Rue Aldringen in Luxembourg, div.cp.no.6 (accompanied by an "Affidavit") of the CDRs Komatsu Forklift Co., Ltd. repr. 1,000 shs., will be payable with US$ 13.75 net. (div. per record-date 31.3.79: gross Yen 3.50 p.sh.) after deduction of 15% Japanese tax = Yen 525 = US$2.42 per CDR.

Without an Affidavit 20% Jap. tax (= Yen 700 = US$3.23) will be deducted.

After 31.10.79 the div. will only be paid under deduction of 20% Jap. tax with US$12.92 net, in accordance with the Japanese tax regulations.

Amsterdam, July 26th, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

OLD COURT DOLLAR COMMODITY TRUST
(CDRs)

The undersigned announces that as from August 17th, 1979, at Kas-Associatie N.V., Spuistraat 172 and Pierson, Heldring & Pierson N.V., Herengracht 214 in Amsterdam, div. cp.no. 2 of the CDRs Old Court Dollar Commodity Trust will be payable with Dfls. 6.33 per CDR, repr. 10 units and Dfls. 63.30 per CDR, repr. 100 units. (div. per record-date 20.4.79: US$—.32 per unit). This dividend distribution is not subject to tax-withholding at source.

Amsterdam, July 24th, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (S.N.C.F.)
FLOATING RATE NOTES DUE 1985 TO 1987

NOTICE IS HEREBY GIVEN that the rate of interest for the period August 2, 1979 to February 4, 1980 has been fixed at 11 9/16% p.a.

Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

EXHIBITIONS

ALL ABOUT THE NATIONAL TRUST. An exhibition in the visitors' gallery of the Stock Exchange, open every weekday from 10.30 a.m. to 3 p.m. until September 5th. Admission Free.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. PERSIAN MINIATURES. An Exhibition of seventeen pages from the Houghton Shahnameh. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

FIELDBORNE GALLERIES, 586 3600. CONTEMPORARY ARTISTS OF THE ENGLISH SCHOOL.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Square, W.1. 499 9493-4. A mixed exhibition, including the work of Gino Hollander, Eitel, and Davez. Decorative pictures at reasonable prices. 9.30-5.30, 10.00-1.00 Saturdays. 2nd August-31st August, 1979.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. At 30, Bruton Street, London, W.1. Tel: 01-493 1572.

LUMLEY CAZALET, 24, Davies St., W.1. 499 5058. 20th CENTURY ORIGINAL PRINTS—Chagall, Matisse, Miro, Picasso, etc.

MALL GALLERIES, The Mall, S.W.1. PASTEL SOCIETY 80th ANNUAL EXHIBITION. Daily (inc. Suns.) 10-5. Until August 14th. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings, until 31 August. Mon.-Fri. 10-5.30, Sat. 10-12.30.

LEGAL NOTICES

No. 001462 of 1979

In the HIGH COURT OF JUSTICE Chancery Division, Mr. Justice Slade, in the Matter of NEWNHAM HOLDINGS (BEDFORD) LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 21st day of April 1975 Confirming the Reduction of the Capital of the above-named Company from £100,000 to £50,000 and the Minute approved by the Court showing with respect to the Capital of the Company as altered the several particulars required by the above Act were registered by the Registrar of Companies on the 20th day of July 1979.

Dated this 31st day of July 1979.

BIDDLE & CO.,
1 Gresham Street,
London, EC2.
London Agents for
Sharman & Trethewy,
1 Harpur Street,
Bedford.
Solicitors for the Company.

No. 001463 of 1979

In the HIGH COURT OF JUSTICE Chancery Division, Mr. Justice Slade, in the Matter of MUNTON & FISON LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 9th day of July 1979 Confirming the Reduction of the Capital of the above-named Company from £215,000 to £150,000 and the Minute approved by the Court showing with respect to the Capital of the Company as altered the several particulars required by the above Act were registered by the Registrar of Companies on the 20th day of July 1979.

Dated this 31st day of July 1979.

BIDDLE & CO.,
1 Gresham Street,
London, EC2.
Solicitors for the Company.

هكذا من الأصل

هكذا من الأصل

£6,000 accountancy appointments £9,000

APPOINTMENTS

Personnel post at Vauxhall

Mr. David T. Young has been appointed director of personnel at VAUXHALL MOTORS. He takes over from **Mr. Geoffrey Moore**, who as already announced (Financial Times, July 27) becomes chairman of the company.

Mr. Young started his career with Vauxhall in January, 1944, as a commercial apprentice. He transferred to GM Ltd. in 1963, joined the board as director and group personnel manager in 1975, and was made director of personnel and industrial relations in April this year.

★

Mr. Francis P. G. Dugdale has been appointed to the newly-created post of chief industrial relations adviser to the CO-OPERATIVE UNION, the federation of the consumer co-operative societies. He will be in charge of the Union's labour department and becomes secretary of the National Wages Board, taking over the duties performed by **Mr. Tom Hughes**, who recently retired from the post of labour adviser.

★

Mr. Brian J. Morris, controller *of corporate public relations of* the exhibition organising company, Industrial and Trade Fairs, has been appointed to the Board of MEN'S AND BOYS' WEAR EXHIBITIONS as *publicity director.*

★

The BERNARD WARDLE GROUP has made the following appointments: **Mr. Ken Peach** becomes group financial controller and joins the group from Courtaulds where he held senior general management and financial positions including financial director of Courtaulds Courtelle division and British Celanese. The automotive division of Bernard Wardle Sales has appointed **Mr. John Buckley** as its marketing director. He will be responsible for marketing and field sales to the automotive industry both in the UK and the European mainland. **Mr. M. S. W. Howard** has been made marketing director of Hardura and will be responsible for the sale and marketing of the non-automotive products of that company. *Mr. Howard will* also retain his responsibilities for group trade advertising and public relations.

★

Mr. Sidney L. Lesser has been appointed a vice-president of the ROYAL AUTOMOBILE CLUB. He will attend Board meetings until the end of the Board's present term and will continue to represent the RAC's interests in the Federation Internationale De L'Automobile.

★

Mr. David D. Wakefield, a senior vice-president of Morgaozl, has been appointed as a director of DENTSPLY INTERNATIONAL with his initial term ending at the 1980 annual meeting of stockholders.

★

Mr. Keven Cooke, general manager of the graphic arts division of John Hadland (Photographic Instrumentation), has joined the Board of JOHN HADLAND HOLDINGS, the parent company.

★

Mr. Donald McNab has been appointed managing director of LEEWARD INTERNATIONAL, a newly formed trading company of the Dutch transportation and financial group, the Meera Corporation B.V.

★

Mr. Frank J. Claydon Jnr., has been appointed president of TEXAS-GULF CHEMICALS COMPANY, a division of Texasgulf Inc. He replaces Dr. Gino P. Giusti who was elected president of Texasgulf Inc., the parent company.

★

Mr. W. J. King, holidays manager, of National Holidays and **Mr. F. A. Knights**, chief executive and secretary of Galleon World Travel have been appointed to the Council of Management of HOLIDAY UK. These appointments will be effective until the annual meeting on Thursday, October 11 when the whole Council will stand down for re-election.

★

Mr. G. T. Fairclough has been appointed sales manager of defence systems division of VICKERS' Elswick works, Scotswood Road, Newcastle upon Tyne.

★

Mr. Ellsworth Donnell has been appointed as an executive director of ARTOC BANK AND TRUST, resident in London and representing the Bank in Europe, North America and the UK.

★

Mr. J. Larry Jameson, a vice president of INMONT has been appointed general manager, OEM Finishes for the automotive group in America. **Mr. Neil F. McDonald**, managing director of Inmont Limited at Wolverhampton is his successor. Mr. McDonald has been elected a vice president of Inmont Corporation and appointed general manager —automotive Europe. He will be responsible for all of Inmont's automotive activities throughout western Europe.

Mr. Roger M. Ahers, director Automotive OEM Products for Inmont Limited has been appointed managing director of that company. **Mr. George Heath** remains as director refinish products and continues to hold senior marketing responsibility for Inmont's refinish activities in the UK, which he has done since Inmont's entry into the market in 1973.

★

Mr. Masayuki Ikeda, deputy general manager of the BANK OF YOKOHAMA, London branch, is returning to Tokyo on the completion of over four years attachment to the London office. His place as deputy general manager and chief dealer is being taken by **Mr. Shintaro Asai.**

★

Mr. A. W. Fay has been appointed chief executive of the DON GROUP of friction material companies operating within Cape Industries. The companies are Don International, Manchester; Don International S.A. (DISA), Manage, Belgium; Svenska Bromsbandsfabriken A.B. (SBF), Langsele, Sweden; and Don associated companies overseas. Mr. Fay will also join the Board of Don International as deputy chairman and the Boards of DISA and SBF. Don research and development activities, principally centred on Manchester, have been restructured into a separate division. **Mr. J. C. Copeman** has become director and general manager of the division responsible to Mr. Fay.

★

Mr. Christopher Bostock has joined *EXECUTIVE SEARCH as* a director.

★

Mr. Brian Naismith, Director of Physical Education at the University of Surrey, is to join the council of the BRITISH RACQUETBALL ASSOCIATION. He will take a special interest in the development of the sport through coaching and tournaments.

★

Mr. Leo R. Moll, formerly senior analyst at SRI International, has been appointed vice-president and director, business equipment and communica*tions group of* CREATIVE STRATEGIES INTERNATIONAL. His responsibilities will include management and direction of all office automation and telecommunications studies. ***Mr. Colin G. Dickson** has been* named director, medical electronics and instrument group.

★

YEOWARD BROTHERS, Liver*pool-based* shippers and fruit *importers*, has appointed two directors—**Mr. Ronald Gill**, who joined the company 36 years ago as office boy and became group accountant and company secretary in 1976, and **Mr. David Bishop**, *who* joined in 1963, became shipping manager in 1972, and a year later was appointed to the Board of Yeoward Brothers (Shipping).

★

Mr. Terence P. Callaghan, has been appointed to the Board of FORWARD TECHNOLOGY INDUSTRIES. He was previously general manager of an ITT company in Belgium.

★

In a move to re-structure and strengthen its Board, CHANGE WARES has appointed four new directors, two from the UK, **Mr. Harold P. Chaffe**, solicitor, and ***Mr. James H. Dale**, a director of* H. Stockwell and Co., the company's steel stockholding subsidiary; and two from the U.S., **Mr. Andrew N. Heine**, a New York attorney, and **Dr. Edwin C. Nevis**, *a consultant and senior* lecturer at the Sloan School of Management, Massachusetts Institute of Technology. **Mr. Richard Crane** has resigned as deputy chairman and managing *director of the company*, but remains as a consultant. **Mrs. S. de Luca**, attorney at law, has also resigned.

★

Mr. A. J. Clarke has been *appointed to the Board of the* Meltoy Company as financial director.

★

Mr. Suliman S. Olayan has joined the international council of **Morgan Guaranty Trust Company** of New York. He is chairman of the Olayan Group, based in Jeddah, Saudi Arabia. In addition, Mr. Olayan is chairman of the Saudi British Bank and a *director of the* Saudi Spanish Bank, Riyadh Bank, and Saudi Arabian Airlines.

★

Mr. Colin Silcock has been appointed to the Board of DICK BEARINGS, *a member of the* Fenner Group of companies.

★

Mr. Owen M. Ness has been appointed a director of ALCAN ALUMINIUM (UK), and will be responsible for personnel.

★

Mr. John R. Lenton has been appointed marketing and sales director of INTERNATIONAL FACTORS. He joined the com*pany from* Alex. Lawrie Factors where he was operations director. Both companies are members of the Lloyds and Scottish Group.

★

Mr. P. G. Cairns has been appointed finance director of YORKSHIRE IMPERIAL FITTINGS, Leeds and Dundee.

★

Mr. David D. Searle, formerly managing director of Morgan and Grundy, has been appointed managing director of EUTECTIC COMPANY. **Mr. Dennis Parkes**, formerly director of the National Terotechnology Centre, has been appointed director, EUTECTIC + CASTOLIN INSTITUTE INTERNATIONAL.

★

Mr. Thomas P. Wardle has been appointed managing director of BRITISH CASTORS, a member of the Evered Group, in succession to **Mr. Nicholas Gillott** who has taken over as chairman.

★

Mr. A. R. W. Sharman has joined the board of R. TRAVERS MORGAN INTERNATIONAL.

★

Mr. Alec Taylor, chairman of BRITISH CELLOPHANE has retired. He has been chairman since 1972 and a member of the board for 29 years.

★

Mr. R. G. Roberts, coaching director of the NATIONAL BUS COMPANY since September 1, 1977, has been *appointed* regional director for NBC's Wales and the Marches region. He will succeed **Mr. J. Niblock** who will be retiring on September 30. **Mr. F. E. Dark**, general manager of Ribble Motor Services since January 1, 1977, has been appointed group executive of National Bus Company's South Eastern Region, from October 1, 1979, in succession to Mr. G. C. Smith who has retired.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Alan Friedman reports on how four major groups are competing in the race to mine the ocean floor on a commercial scale

Seabed mining consortia hope to raise the political anchor

ARGELY AWAY from the ublic's view, four U.S.-led international corporate consortia ave quietly invested some 200m in a bold venture aimed t mining the ocean floor for aluable minerals like nickel, obalt, copper and manganese. he eventual investment required for commercial operaions will run into billions of ollars and could revolutionise orld mining activities for elect minerals. In pursuit of his, a new deep seabed mining echnology is being developed nd the companies are rapidly pproaching their commercial ecovery stage.

Technology has moved well ast early prospecting with nderwater television cameras. emonstration-scale mining hips are now scooping up he potato-shaped, black and rumbly nodules from the acific bottom, using lengthy ydraulic piping systems to ring minerals to a huge oceanoing loading barge, which hen transports them to onhore processing plants.

Over the past 15 years, four American corporate leaders—ockheed, Kennecott, U.S. Steel nd the U.S. subsidiary of International Nickel—have engaged n separate and competing esearch and development work n ocean mining. Back in the arly-1960s, when the four companies began looking into the concept of dredging up chunky manganese nodules from the cean floor, it seemed more like cience fiction than reality to many board chairmen.

But the technology has progressed to a stage of potential readiness, with the four separate consortia jealously protecting their various technological achievements. At depths of two to three miles, and mostly in the Pacific Ocean, the manganese nodules are littered across the seabed, containing a greater mineral content than much of the world's land-based mineral resources. And the cost-effectiveness of seabed mining is now beginning to parallel that of land-based operations.

Manganese nodules are found lying on or slightly below the ocean bottom, in concentrations of as much as 1m tonnes per square mile. They were first discovered by the British survey ship *Challenger* well over a century ago. But it was not until the 1960s that scientists and business corporations began to take them seriously.

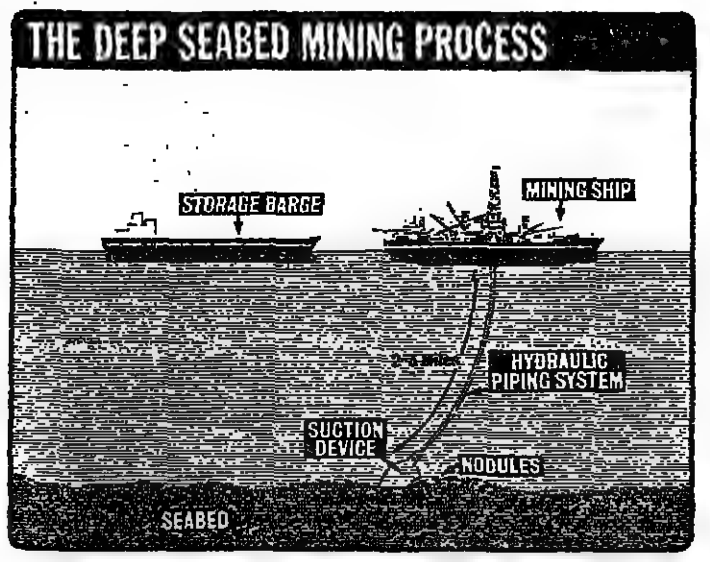
The four consortia have together invested about $200m in the early stages of preparation. Each consortium has gone through a period of research and development, prospecting and exploration (probing the ocean bottom with sophisticated underwater television cameras), feasibility studies, and finally, demonstration-scale (one-fifth to one-half size) testing. The next stage will be commercial recovery on a full-scale basis, with an average investment cost of nearly $1bn per consortium. Mining activities could begin in the mid to late 1980s.

The $1bn front-end fee will help pay for sophisticated mining ships which can remain at sea for months on end, complex land-based processing plants which will convert the nodules to sheet metals, and football-field size barges to transport the nodules.

However, deep seabed mining companies are reluctant to make the final investment decisions until they are satisfied that the UN Law of the Sea conference will not pose a threat to their profitability. The UN conference has been meeting for several years to work out an international seabed authority to regulate ocean mining, which occurs in international waters beyond the limits of national jurisdiction, and to devise a scheme for international revenue sharing of seabed profits.

Deepsea miners tend to view the UN plan as a threat. They have urged instead that the U.S. Congress, West German Bundestag and British Parliament enact interim unilateral legislation to authorise immediate seabed mining activities.

Third World diplomats cite UN resolutions calling the seabed "the common heritage of mankind" and say that such unilateral action would contravene the emerging international legal consensus. The U.S. Government disputes this and claims that freedom of the high seas embraces seabed mining activities.



In Washington, the seabed companies have engaged in extensive lobbying activities designed to persuade the U.S. Congress of the need for protective, enabling legislation. Over the last ten years, a few Members of Congress have been introducing pieces of legislation which would grant official U.S. Government authority to seabed miners.

Until recently, the Department of State has opposed such legislation, explaining that it could have a deleterious effect on the UN conference. But Mr. Elliot Richardson, the U.S. law of the sea ambassador, has decided to support the enactment of seabed legislation; this has cheered seabed-orientated investors.

Security

The Carter Administration now fully supports unilateral seabed legislation, and the German Bundestag, Japanese Diet and UK Parliament would probably follow suit soon after U.S. passage. But there are few in the U.S. House of Representatives or Senate who know or care about seabed mining.

The American Defence Department last year testified in Congress that the seabed minerals were not of strategic necessity; and a seabed mining industry attempt to portray the manganese nodules as a critical matter of national security has failed. (The attempt was based on a warning about import dependence). Nevertheless, investors contend — accurately—that the nodules could provide an attractive alternate source of minerals in the future.

Commercial processing of nodules could lead to new supplies of nickel, cobalt, copper and manganese. These could be available to the industrialised West in the face of any producer-organised cartel attempts. But experts agree that the actual need for these seabed minerals, arising out of a worldwide shortage, will probably only occur at the start of the next century.

Meanwhile, preparations are going forward around the world. Twenty-three Japanese companies have banded together to form a group called Domco, with a 25 per cent share of the International Nickel consortium. A West German group called AMR, which contains Metallgesellschaft among others owns another 25 per cent share of the INCO consortium.

SEDCO, a Texas-based oil drilling company, contributes the remaining 25 per cent to the INCO group.

The Ocean Mining Associates group is comprised of U.S. Steel, The Sun Company and a U.S. subsidiary of Union Miniere, the Belgian company, each with 33⅓ per cent ownership.

The Kennecott Copper consortium, led by the U.S. mining company, which owns 50 per cent of the venture, contains five other firms. Consolidated Gold Fields (UK), Rio Tinto Zinc (UK), BP (UK), Noranda (Canada) and Mitsubishi (Japan) each own 10 per cent of the Kennecott group.

Finally, although percentage breakdowns are not available, the Lockheed Missiles and Space Company seems to control its group, called Ocean Minerals Company. The remaining ownership is held by a subsidiary of Standard Oil of Indiana, a U.S. subsidiary (Billiton) of the Royal Dutch Shell organisation and Papendrecht, a subsidiary of Boskalis of The Netherlands.

Despite the delays and uncertainties of the UN Law of the Sea negotiation, some industry officials prefer the idea of a uniform regulatory body to the unilateral legislative options.

"We at RTZ would rather mine the seabed under the auspices of an international regime than under interim legislation produced by individual governments," said one UK executive. He also said that a full review of the economics of seabed mining was underway.

"The year 1979 will be a year in which the pace of future investment will be decided," according to the RTZ official.

But not all seabed mining investors are sanguine about an international regime. Mr. Gill Clements, the president of SEDCO, a U.S. partner in one seabed consortium, complained that the legal uncertainties created by the UN made investment decisions rather difficult.

"The seabed industry is frustrated and weary with the whole legal issue, the United Nations and the Congress," he said.

Clearly, seabed investment could hold out attractive returns, but its future is clouded by continuing legal and political uncertainty. The UN conference is currently meeting in New York to iron out the financial arrangements of the seabed authority. The next few weeks could finally spell out the shape of things to come.

Sounding board welcomed by many small firms

BY NICHOLAS LESLIE

OWNING A small business can be a lonely occupation, with little or no scope for discussing with somebody else ideas or problems which may be of vital importance to a company.

This proposition is borne out in a report, instigated by the Department of Industry, which has evaluated the work of the department's Small Firms Counselling Service in the South-West since its inception over two years ago.

Counsellors, many of whom are businessmen themselves, are often used as a "sounding board," says the report, with their role frequently being "to allay the client's fears that his proposed course of action is illogical and is justified by the facts."

The report, which drew on the experiences of 88 firms—out of a total of 188 cases where an initial approach had been followed by a counselling service—reached a number of significant conclusions.

The service, says the report, had been responsible "for the survival of a considerable number of firms and has helped create many new businesses." On the other hand, it is felt that the counselling service's inability to provide finance is a weakness and that this should be rectified by the service having access to funds.

Of clients reporting benefits from the service, nearly half related to one or more financial criteria, such as increased sales or profits or reduced borrowings. Major benefits were identified in terms of employment generated by both established and new firms and employment benefits were reported also by companies which survived only as a result of counselling.

More than half the clients receiving counselling beyond an initial interview found the experience "very useful" and nearly a quarter of those who had only one interview felt the same.

Highlighting the problem of the service being unable to provide finance, the report says 43 per cent of single-interview clients were actively seeking finance, and the non-availability of such aid was the "largest single source of dissatisfaction."

The service, which it was generally felt was insufficiently publicised and deserved to be better known, was mainly used by very small firms. Indeed, nearly one in nine clients using first-time counselling employed less than ten people.

A whole series of recommendations is made in the report—not just the call for the service to have a financing role. More cases should be transferred from one counsellor to another to facilitate a better client-counsellor match, says the report. And, if necessary, there should be greater flexibility about matching client and counsellor on a regional, or even national basis—in other words greater liaison between the different regional counselling services.

The report makes it clear that an on-going relationship between counsellor and client can be of greatest value, altough there is also a danger that too much concern with converting initial interviews into further counselling can undermine the quality of service.

Reluctant

On the financing front, the report says there appears to be a gap in the capital market for sums under £25,000, with a particularly strongly felt need for sums of between £5,000 and £10,000. Many larger finance institutions seemed reluctant to handle such sums and banks tended to look for collateral, which had generally been used up, or a trading record which did not exist.

"The counselling service should have access to finance. Lack of finance is a persistent source of dissatisfaction," says the report. As a result the service suffered by comparison with other agencies such as COSIRA (the Council For Small Industries in Rural Areas) and the Welsh Development Agency.

Another interesting recommendation relates to the possibility of the service acting as a sort of matchmaker between small firms and possible sources of private finance. Some private investors approach the service because they want to invest in the small firms sector and "these initiatives should be encouraged," says the report.

"It is possible that by discreetly canvassing solicitors accountants and bank managers a pool of such investors could be identified. It would then be feasible to direct small firms which required funds towards potential investors," the report adds.

A weakness in the counselling available in the South-West is marketing expertise. A number of larger firms have been looking for levels of marketing expertise which exceed that currently available.

Significantly, the rate of coversions from single interviews into follow-up counselling sessions varies quite considerably from town to town within the region. In Bournemouth it was 73.5 per cent, but in Redruth barely more than 11 per cent. The Bristol rate was almost 25 per cent, Exeter 30.5 per cent and Plymouth almost 30 per cent. But Gloucester was also low at just over 14 per cent.

The report does not seem to have found a completely satisfactory answer to this. It talks of the different approaches of the counsellors as being a contributory factor. Surprisingly, perhaps, it was found that a high workload did not lead to counsellors experiencing a low conversion rate.

These variations did not seem to affect the view of clients either in one particular respect. For in both single-interview and follow-up cases barely more than 1 per cent or so of clients cited the condition that it "would depend on the counsellor" as to whether they would use the service again.

More than 77 per cent of the single interview cases said they would use the service again, though 21 per cent said they would not. With the follow-up cases almost 90 per cent said they would use the service again, but less than 5 per cent said they would not.

The report calls for more research to be undertaken to establish the identity and distribution of small firms in the South West. It also identifies a need for a direct line of communication between small businessmen and the Small Firms Division of the DoI, and for more liaison between these two and counsellors.

An Evaluation of the Small Firms Counselling Service in the South West Region, available from The Manager, Small Firms Centre, Colston Centre, Colston Ave., Bristol BS1 4UB.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Improving handle and printing

BRITAIN IS the home of some of the finest quality wool knitwear in the world. Traditionally all-wool garments have had to be handled with care, but over the past year or so the International Wool Secretariat has been supporting various special treatments which make all-wool garments machine-washable without loss of handle. The labels carry the legend "Superwash Wool" and they are issued to a number of different treatments.

A new approach to finishing knitwear so that it will qualify for the superwash labels is Levelaine "S" which has been developed by Stephenson Bros. (POB 305, Listerhills Road, Bradford BD7 1HY. Tel 0274 23811). It is a composite liquid formulation for both scouring and milling all types of knitwear made from natural fibres.

Combining nonionic and anionic surfactants complemented by the addition of a high quality natural sodium-based soap to balance optimum cleansing with superior handle, the process is designed to have a balanced pH in the treatment bath. With Levelaine "S" this is held between 7.8 and 8.8, irrespective of yarn, dyestuffs or dyeing process used.

Normal scouring will be for 3-5 minutes at 30-35 deg. C with a liquor ratio of between 20:1 and 25:1, using 3-5 grams per litre. For milling or fulling garments in white or pastel shades, the processing time may be extended until sufficient consolidation has been achieved.

Meanwhile, on the transfer printing front, a new machine, designed to accommodate fabrics and papers up to 2 metres (80 inches) width has been developed by Bates Textile Machine Co. (Old Mill Lane, Leicester LE1 4AZ. Tel. 0533 29661). The model STP-80 will even accept fabrics up to 2.25m (90 inches) width.

The new machine seeks to minimise power consumption and yet process at maximum speeds. By having a cylinder diameter of 710mm (28 inches) and by increasing the diameter of the heating elements inside the cylinder it has proved possible to reach transfer printing speeds of 8 metres/minute.

The system used is to take the transfer paper through the machine with the rear of the paper against the heated cylinder, while against the printed face is pressed the fabric which is held in place by the tension of a blanket. The dyestuff sublimates and is transferred into the structure of the fibres of the fabric to give a sharp reproduction of the paper design, although there can be changes in colour between the paper and the textile.

● HANDLING

Crane folding jib

A GERMAN-MADE mobile crane, the Fuchs 110, from Johs. Fuchs KG of Ditzingen, with a capacity of 10 tons, has a lattice jib of up to 19 metres that can be hydraulically folded into an overhead travelling position without disassembly or re-reeving, says UK agent Vanesco, Garth Road, Morden, Surrey (01-330 0101).

It is available with crane or excavator winchgear, the individual winches being mounted in line and driven by a hydraulic variable displacement pump. With the excavator winchgear, hoisting and digging are synchronised, and the crane is fitted with a preselector switch for crane or excavator operation.

When using the crane mainly on outriggers—stationary grabbing duties, for example—the machine would normally be fitted with four 9.00-20 tyres, giving an overall chasis width of 2.5 metres.

However, when used for excavation work and free-on-wheels duties, it is fitted with eight 8.25-20 tyres, giving a chasis width of 2.73 metres and, with this configuration, the crane has a free-on-wheels, pick-and-carry capacity of 6.8 tons with a 7 metre jib and can cope with typical construction site ground conditions.

The crane can be equipped with a 4 metre, 6 metre or 8 metre fly jib which, when fitted to a 13 metre main jib, can also be hydraulically folded into travelling position without disassembly. Overall operating weight of the machine when equipped with a 13 metre jib is about 16.7 tons.

● DATA PROCESSING

Less paper work for the meter reader

READING OF gas and electricity meters by a compact, hand-held terminal can improve accuracy and the cash flow of the service provider. The market potential in Europe for such units is estimated at about £25m.

UCSL Microsystems has designed the device which will cut out paperwork involved in present methods, verify accuracy at the time the meter is read, speed transmission of the information to the utility's central processing department and eliminate error-checking and data preparation routines.

Although there are regional variations in the present system, in general the meter reader collects each morning from the regional office a batch of computer-printed slips which constitute his walk for the day.

Typically, each sheet gives information such as the address and location of the meter, meter number, previous reading and any relevant special instructions. The meter reader can visit the addresses in the most convenient sequence for him and fill out the new readings. If he cannot gain access, he leaves a card to be filled in by the consumer and generally calls two days later to collect it.

At the end of the "walk" he returns the slips to the office from where they are either posted or sent by van to the board's computing centre. During the next 24 hours the slips are sorted, checked for obvious errors and prepared for computer input. The computer then processes the information and produces bills to be sent to the customers. These should be delivered on the fourth day after the reading has been taken.

In the UCSL system, each meter reader would use a UCSL M50 portable data capture terminal programmed specifically for the meter reading application. The M50 is a hand-held device, similar to a pocket calculator, that is intelligent and can be programmed by UCSL to the user's specification. Powered by rechargeable batteries, it can hold up to 64,000 characters of data in a memory, the contents of which can be transferred from the terminal directly to the central computer over the public telephone network.

There is two-way communication between the central computer and the M50 terminal. The meter reader is guided through the data entry operation by a series of "Prompts" which appear in the terminal's 12-character display. Each entry that he keys in is also displayed to provide a visual check before passing on to the next prompt.

When the meter reader picks up his M50 from the office he will find in it all the information regarding the day's walk. This has been "loaded" from the central computer, and includes a list of addresses, locations and numbers of meters, with any special instructions for access. This information can be selectively displayed by a series of simple key depressions.

Also loaded into the terminal, but not displayed, are minimum and maximum limits for the new reading, to provide a range check. If the new reading, when entered, does not fall within the two defined limits, the terminal will indicate by an audio signal that it detects an error. If the meter reader is convinced that the reading is correct, he is still able to enter it by pressing the "Enter" key for a second time.

Should the meter reader be unable to take a particular reading, he enters a code which signifies the reason. When the day's walk is completed the reader returns the M50 terminal to the office and plugs it in for recharging and transmission of data.

The process of transmitting data to and from the computer can be done manually, but ideally the operation would be carried out automatically. Overnight, taking advantage of off-peak telephone rates, the central computer calls up each M50 in turn and initiates transmission of data from the remote location.

Data is transmitted in blocks and each block must be acknowledged at the computer centre as having been correctly received. Corrupted blocks receive a non-acknowledgement signal and must be sent again. This ensures that the data transmission is secure from line interference.

Further information from UCSL Microsystems, Chiltern House, 184 High Street, Berkhamsted, Herts. 04427 71471.

Advances in memory development

SIGNIFICANT advances have been made in memory development by General Automation with the 1 Megabyte Hypak random access memory unit.

Hypak gives the lowest cost per information bit in the industry, says GA which is particularly enthusiastic about the error correction code (ECC) which automatically corrects all single-bit errors and detects all two-bit errors.

This feature by itself provides a memory mean time between failure of over 2½ years of continuous use for a 1 Megabyte memory module.

In the normal mode of operation the ECC function logs all single and multiple bit errors for further analysis. Depending on the application, the results of this analysis can be used to establish the rate at which memory errors are occurring, determine if the errors are random or in some pattern, and if they are soft errors or hard component failures, etc.

Answers to these questions, and others, can be used to time preventive maintenance, establish the appropriate level of spares, help isolate bad components, and suggest rearrangement of memory chips on the board to eliminate multiple errors within a single word, if this occurs.

Second only to keeping the system operating accurately is the assistance EEC provides the service engineer. He has a log of all memory failures: which chips are bad, and when errors were made. The Hypak memory chips are mounted in sockets and, with the proper diagnostic programs, replacement of bad chips with on-site spares is a fast and simple task.

General Automation, 43/45, Windsor Road, Slough, Bucks. Tel. Slough 72331.

Europeans gain ground in minis

EUROCAST report on small business computers (SBC) from International Data Corporation shows that during 1978 there were the first signs that new contenders for the West European SBC market are gaining ground on more traditional vendors.

These new entrants, which include some terminal suppliers, together with companies such as Systime, SEMS, CTM, Wang and MAI, achieved an impressive 22 per cent share of the 1978 SBC revenues.

Nevertheless it was Philips with shipment revenues of $270m, Burroughs ($250m), Olivetti ($220m) and Nixdorf ($210m) that dominated the market during 1978. IBM were in fifth position producing revenues of $200m in a total market that was worth $2,430m.

In terms of the numbers of systems supplied, Olivetti were clear leaders with unit shipments of 11,580 (16 per cent of the market) followed by Philips (8,920 systems) then the three West German organisations Nixdorf, Triumph-Adler and Kienzle.

These figures are for all systems. However, the study distinguishes between the office computer with a typical cost of $10,000 to $25,000 and the larger SBC in the range of $50,000 to $70,000. All of IBM's revenues come from this latter group with deliveries of System 32 and 34 estimated to be 2,600 units in 1978.

The report indicates that the 1978 shipments have done little to alter the structure of the installed base in Europe where Olivetti has 44,000 systems: Nixdorf and Philips rising 33,000 systems each.

As in other sectors of the computer industry, hardware costs are declining, but are being compensated by increasing revenue from software and services. IDC estimates that the value of the European shipment revenues will increase by 19 per cent in 1979 to $2,903m and $5,593m by 1983.

IDC Europe, 2 Bath Road, London W4 1LN. 01-995 922.

● ELECTRONICS

Component insertion made easy

A WELL-KNOWN difficulty experienced by electronic board assemblers is that of trying to "fiddle" the legs of an eight or 10 pin TO5 can into the corresponding holes in the printed board.

Their uniform length causes the problem and the usual, time consuming resort is to tilt the component in the hope of making the legs progressively enter the holes.

Matters are eased by a bench-mounted manually operated "staircase" cutter from Welwyn Tool known as the L102 which cuts each successive leg about 0.03 inch shorter than the next, the longest lead being 0.4 and the shortest 0.25 inch.

Cutting is rapid, tapered plastics sockets immediately accepting the device legs, with cutting rates of up to 750 pieces/hour.

The spring-loaded shear is of hardened tool steel and will process thousands of components without attention. It can easily be removed for resharpening when necessary.

More from Stonehills House, Welwyn Garden City, Herts. (Welwyn Garden 29121).

● METALWORKING

Hacksaw has more power

ALTHOUGH IT works at 350 strokes a minute, yet its rated air consumption is only 30 cu ft a minute, a new air power heavy duty hacksaw is quiet in operation, claims Powell Duffryn Tools, Cambrian Works, Maindy, Cardiff, sole UK distributor for all air power tools made by Rockwell International.

Its 3 inch cutting stroke can cut with precision and speed through most materials, including metal pipes up to 14 inch diameter held in one position.

Clamp locks and blades are interchangeable, and there is feathering throttle control of the 1 hp air piston motor.

Band saw machines

NEW LINE of contour saw band machines featuring direct current drive systems with electronic band speed control will be introduced during the European Machine Tool Show in Milan, October 10-18, by DoALL Company (UK), 12, Barton Road, Bletchley, Milton Keynes (0908 71666).

Electronic speed control provides the operator with a simpler and more percise method of band speed selection, says the maker. Within either low or high speed ranges, the operator can instantaneously change the band speeds by turning a calibrated dial conveniently located at the operator's station.

The 1.5 kW, or optional 2.2 kW DC drive system eliminates the mechanical speed control assembly and the many maintenance problems and vibration associated with them.

Speed change and speed range gear shift are electrically interlocked to prevent accidental damage with the results, says the company, of the smoothest and most reliable drive system ever produced for this size and class of band machine.

● SAFETY

Control of oil pumping operations

WHEN OIL is being loaded from a platform to a tanker via a loading buoy, major problems can occur should the ship become unable to accept oil from the interconnecting pipeline due to an on-board equipment failure.

Continued pumping infers potentially expensive consequences and recently BNOC asked Frazer-Nash (Electronics) to provide a high integrity data link between tanker and platform.

Duplex ultra high frequency radio telemetry is used and a correlation technique employed to ensure data is not corrupted. This involves sending the data back to the platform for checking and four valid comparisons are needed for acceptance. If a validated fail signal is received an automatic interlock inhibits the pumping operation.

The complete system is duplicated with extensive self-checking, and in the event of circuit failure the alternative channel is selected.

More from The Old Forge, Pleasant Place, Hersham, Surrey KT12 4HR (Walton on Thames 44356).

LOMBARD

Chips alone are not enough

BY DAVID FISHLOCK

IN THE year or so since Mr. James Callaghan began to excite, successively, his Cabinet's, the trades unions', and finally the public's interest in microprocessors, the idea has become firmly established in Britain that these miniature machines are fundamentally job-displacing. This is not true. Microminiaturised electronic circuits are to tomorrow's machinery nothing more than the engine is to a motor vehicle. The car engine is of little use without wheels and a driver—and all that must go with them.

For "micros," this includes above all the software or programmes that will make them work. Already there are signs that U.S. industry is eyeing Britain as an important source of this software, the key to any successful application of micros.

But micros will still need—will always need—muscles if they are to do useful work. It may be possible to programme a sliver of silicon to imitate the tasks of a car assembly-line worker. But it won't be possible to replace the worker without building a mechanical contrivance capable, Chaplin-like, of putting parts together, joining them up, spraying them evenly with paint, or whatever.

Lot of work

Designing, making, maintaining all these mechanical muscles—surrogates for assembly-line workers—implies a lot of work. Nor does it stop at assembly-line workers. The same will apply wherever a micro augments the activities of the pilot or driver or operator of any machine, robot included. One authoritative U.S. business forecast suggests that robots will be a $250bn-a-year industry by the end of the century.

All this implies plenty of work for the mechanical and electrical engineering industries, bedrock of British manufacture and export: work, moreover, at the premium end of the engineering market. For mechanical surrogates will need to be both robust and remarkably versatile machines, capable of adapting readily to different tasks as designers adapt their products.

The example, often quoted, of the dramatic changes taking place in telecommunications, where a large traditional industry based on metalworking is being displaced by micro-electronics, cannot be typical of the engineering industries generally. Micros can readily replace electro-mechanical switches because no muscle is needed to switch electrons. But micros cannot replace the muscles of most other kinds of machine, from aircraft to machines that will gather the harvest.

Nor will the micro itself supplant people as "sensors"—as the source of the information which surrogates will need to perform their tasks. Anyone who has been picking soft fruit lately must have some idea just how difficult it is going to be to devise machines for harvesting strawberries or currants.

Lack of sensible sensors is the most serious obstacle to displacing people from most jobs. Most jobs are tailored to using people's eyes, ears, sense of touch, intuition. Western scientists have devised very sensitive ways of measuring earth-quakes. But the Chinese go one better—they can anticipate an earthquake and say where it will strike. They have 100,000 volunteers watching out for unusual behaviour in animals. No one is quite sure what the animals themselves are responding to—it may be earth tremors too faint for us to feel, or seepage of vapours squeezed out by the subterranean activity.

In theory a mechanical "sniffer" attached to a microprocessor should be the best way of finding chemical contraband such as explosives or narcotic drugs in a traveller's baggage. In fact, a man with a trained dog does better than any man-made sensor. To take another example, only now, after more than a decade of research, are we seeing signs of a sensor sensible enough to be trusted to operate the inflatable airbags which, in the sixties, were acclaimed as man's best hope of combating the epidemic of deaths on the road.

The story is told in Whitehall how a young scientific civil servant was reprimanded for being too enthusiastic about micro-electronics. Let's have less micro thinking, he was told. Our job is to grapple with the macro issues of Government.

After a year of micro-debate the time has certainly come for manufacturing industry to heed some of the macro technical and investment issues which attend the coming of micros. Industry should be preparing for products which will sell the silicon chips expected to tumble from the State-aided factories manufacturing micros.

OIL POLLUTERS IN THE CHANNEL

A watchdog champing at the leash

BY EDWARD OWEN

"THE BOARD of Administration and the harbour authorities are keeping a close watch on a large oil slick that was spotted about three miles south of Guernsey yesterday."

This incident made a small headline in the local Guernsey Press recently, but dozens of slicks sighted by ships and aircraft do not. Oil pollution is too common-place in the English Channel nowadays to make news unless a coastline is actively threatened.

While Guernsey suffered bad pollution from the Torrey Canyon, and the Channel Islands were lucky not to share Brittany's fate when the Amoco Cadiz ran aground, the real problem is not the occasional disaster so much as the "running sore" — to quote one official—of wanton day-to-day pollution.

At least four times more oil is discharged into the Channel by the washing out of tanks and discharge of bilge than by accidental spillage.

But for their natural defences—some of the world's biggest tides, powerful currents and frequent rough seas—the Channel Islands would face a major task every year in keeping their holiday beaches clean.

As it is, the extent of the pollution is seen only by conservationists and those who make their living from the sea.

Tim Earl, a leading local ornithologist who runs bird-watching holidays to Guernsey, says the effect can be seen in the declining number of puffins, razorbills and guillemots.

Under the OILPOL international shipping convention it is illegal to discharge oil in the Channel, but those living near the shipping lanes see daily evidence of how ineffective this prohibition is.

Many ships' masters clearly regard it as a mere technicality, since they know there is little chance of their being caught and even less of their being convicted.

The British authorities rely mainly on shipping and low-flying aircraft to give warning of oil slicks and to report offenders deliberately discharging oil.

By the time a patrol vessel has reached the area, however, the ship responsible can be miles away and the evidence it has left behind traversed by several other ships.

Even if a ship is caught sitting in a slick, it is still no easy matter to bring the captain to justice.

Samples of the oil have to be taken and analysed, and then compared with those from the ship's tank when—and if—it puts into a port.

A successful conviction in Britain still usually depends on an admission of guilt, since oil sample comparisons, like blood-group tests, provide negative rather than positive evidence.

The French are taking a more aggressive approach in the hunt for oil vandals by using a system known as "Super Cyclope." This combines infra-red photography with a television link that transmits the pictures instantaneously to an operations centre ashore.

The system is mounted in a twin-engined light aircraft (only one at present), which patrols France's Channel, Atlantic and Mediterranean territorial waters.

If a ship is spotted apparently spewing out oil in the Channel, the evidence is flashed to the Cherbourg centre of CROSSMA—a highly efficient organisation on which the Channel Islands often rely for aid in rescue operations.

Spotter plane

The officer at Cherbourg, after studying the picture on his TV screen, may order the patrol plane to collect more information about the ship and to drop a radio-controlled buoy into the slick so that samples can be taken.

This quick-action system has resulted in some unpleasant shocks lately for ships' captains arriving at French ports, and the authorities believe that the word about "Super Cyclope" is getting around and beginning to act as a deterrent.

However, the plane has a vast area to cover and patrols only at certain periods (though surveillance can be maintained at night when much of the pollution occurs), and—as one French official agreed—it is only a small beginning. "What is needed is such monitoring all the time," he said.

A Jersey-based air taxi firm, Hamilton Aviation, is currently trying to interest the British and French authorities in just such a plan for continual photographic surveillance of the Channel.

Behind the scheme is the company's chief pilot, Sten Adeler, a British subject who was brought up in Norway and moved to Jersey ten years ago.

He says he became "more and more disgusted" by what he saw happening as he flew over the Channel and decided that only permanent policing could provide an adequate answer.

He consulted the Royal Aircraft Establishment at Farnborough on the best photographic equipment to use to show-up oil slicks, and last year he and a photographer in Jersey, Robin Clapham, made a series of flights to test their system.

They concluded that it would be practicable to get hard-and-fast aerial evidence against a ship guilty of pollution by linking the camera and lenses with the aircraft's navigational system.

The photograph would show the time and radar co-ordinates of the aircraft at the moment the camera was clicked, and as a double check the pilot would contact Air Traffic Control for an accurate fix.

As a result, Mr. Adeler has produced a scheme for aerial surveillance during daylight hours which he estimates would cost no more than £350,000 a year, using three light aircraft.

So far he has had not much more than polite official acknowledgement from both sides of the Channel—partly, he thinks, because it is a commercial proposition.

But while he would naturally like to see the operation based in Jersey and his company given the contract, he says he does not really mind who gets the job as long as someone does it. "What I am trying to do is to show that we could have an effective defence against pollution without vast expense."

Pride and Faith may win

RACING

BY DOMINIC WIGAN

A YEAR AGO just five runners turned out for Ayr's Heronslea Stakes and it is the same today. The Scottish track's joint Clerks of the Course, Mr. W. McHarg, and Mr. C. Patterson, must be bitterly disappointed and puzzled that this seven-furlong two-year-old event with £6,000 added prize money has again attracted the same number of runners.

Certainly, no one can lay the blame on the state of the ground at Scotland's premier course. Last year, the odds-on Warmington won on good going. The same state of ground is anticipated today.

My idea of the likely outcome on this occasion is a win for the experienced Pride And Faith from the in-form Newmarket stable of Gavin Pritchard-Gordon. Originally thought to be his stable's fastest juvenile, Pride And Faith has not quite lived up to expectations. However, he has been running consistently well in formidable company and seems likely to produce his best form yet over today's stiff seven furlongs.

Forecast backers may be best advised to row in with course winner, State Trooper, the winner of a maiden event over six furlongs here in June. Ben Hanbury's colt has since won a better-class event at York.

The Tote today launch a novel ante-post book. They are offering odds against the number of winners to be trained by Henry Cecil at the end of the season. Their prices read: 100-109 (7-2), 110-119 (2-1), 120-129 (9-4), 130-139 (6-1).

They also report interest strictly confined to the market leaders in the Tote-Ebor to be run at York on August 22. Joint favourites, No Bombs and Totowah, come into 10-1 from two points longer.

Rivals William Hill, who are not betting ante post on any horse-race at present, have clipped Willie Carson's championship odds from 4-5 to 4-6, and have pushed Pat Eddery out to 3-1 from a point shorter. Hill's have had continuous backing for Ridley Lamb in the National Hunt Jockeys Championship and have trimmed his odds to 7-1. They have had virtually no inquiries for the reigning champion, John Francome, a 7-4 chance.

AYR

2.15—Secret Sky*
2.45—Verdant Vale
3.15—Dan Dare**
3.45—Pride And Faith***
4.15—Demi Fen
4.45—Yelncy

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra-high frequency only). 9.40 Roobarb. 9.45 Jubilee Jackanory. †10.00 Felix the Cat. 10.05 Why Don't You . . . ? 10.30 Alarm on the Danube Delta (film from Romania, part 2). 10.55 Cricket: Second Test—England v. India. 1.30 pm Ragtime. 1.45 News. 2.30 Eisteddfod '79: the crowning of the winning bard. 3.30 Home on Sunday. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Hunter's Gold. 5.10 Young Explorers. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Blue Peter Special Assignment.
7.00 Dad's Army (London and South-East only).
7.30 The Tuesday Film: "Return To Paradise," starring Gary Cooper.
9.00 News.
9.25 The Transplanted Self.
10.20 Play For Today.
12.05 am Weather / Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 12.05 am News and Weather for Scotland.

Wales—4.45 pm Crystal Tipps and Alistair. 4.50-5.10 Mae Gen I Stori . . . Y Brenin Llwyd (3). 5.55-6.20 Wales Today. 9.25-10.15 Eisteddfod '79. 10.15 The Transplanted Self. 11.10 World of Panorama. 12.00 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.00-7.30 Starring Terri Stevens. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 7.00-7.30 East (Norwich) Joint Account; Midlands (Birmingham) Same Old Smile; North (Leeds) Mr. Smith Steps Out; North-East (Newcastle) Looks Natural; North-West (Manchester) The Time, The Place And The Music; South (Southampton) Hey Look . . . That's Me!; South-West (Plymouth) Day Out; West (Bristol) Flying High.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.05 pm Cricket: Second Test—England v. India.
6.05 Open University.
6.55 What's Your Poison?
7.20 Mid-evening News.
7.30 Sandor Vegh Masterclass.
8.15 Brass Tacks.
9.00 Rhoda
9.25 The Mayor of Casterbridge.
10.20 Portrait.
10.45 Late News.
11.00 Golf—United States PGA Championships (highlights).
11.40 Cricket: Second Test (highlights).

BBC-2 Wales only—2.30 pm Eisteddfod '79. Welsh commentary: the Crowning of the Bard. 5.00 Rejoin BBC-2 (cricket).

LONDON

9.30 am Naturally Scottish. 9.45 Writers Workshop. 10.05 Paint Along With Nancy. 10.30 am Felix The Cat. †10.40 "The Bohemian Girl," starring Stan Laurel and Oliver Hardy. 11.45 Mystery Island. 12.00 Paperplay. 12.10 pm Once Upon A Time. 12.30 Emmerdale Farm. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.30 The Launderette. 3.25 The Love Boat. 4.20 Under The Same Sun. 4.45 Secret Diaries. 5.15 Sam.

5.45 News.
6.00 Thames News.
6.05 Monty's London.
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 Love Among The Artists.
10.00 News.
10.30 Camera.
†11.00 Appointment With Fear: "The Stranglers of Bombay."
12.25 Close: Sydney Tafler reads a personal choice of poetry and prose.

All IBA Regions as London except at the following times:—

ANGLIA

10.35 am Rocket Robin Hood. 11.00 Rodeo Boy. 11.25 Solo One. 11.50 Cartoon Time. 1.25 pm Anglia News. 3.30 Hales and Batchelor Cartoon. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 About Anglia. 7.30 This England. 8.00 Have Girls Will Travel. 11.00 Inside Business. 11.30 Sidestreet. 12.25 am Themes.

ATV

10.30 am Morning Cinema: "Lucky Jim," starring Ian Carmichael. 1.20 pm ATV Newsdesk. 3.25 Master of the World. 5.15 Dynomutt. 6.00 ATV Today. 7.30 This England. 8.00 Mind Your Language. 8.30 Get Some In. 11.00 Origins of the Mafia.

BORDER

†10.30 am Morning Cinema: "Private's Progress" starring Terry-Thomas and Dennis Price. 1.20 pm Border News. 3.20 Bygones. 3.50 Untamed World. 5.15 The Squirrels. 6.00 Lookaround Tuesday. 7.30 This England. 8.00 Fantasy Island. 11.00 The Human Face of China. 11.30 Sidestreet. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Stars on Ice. 6.00 Channel News. 6.10 Dynomutt the Dog Wonder. 8.00 B.J. and the Bear. 10.28 Channel Late News. 11.00 Colgate World Mixed Golf Championship. 12.00 George Hamilton IV. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.30 The Search for the Persian Royal Road. 11.15 Cartoon Time. 11.30 Spiderman. 1.20 pm Grampian News Headlines. 3.25 Code R. 5.15 The Squirrels. 6.00 Grampian Today. 6.05 Perspective. 11.00 Reflections. 11.05 Power Without Glory. 12.00 Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Beachcombers. 11.50 Look at Life. 1.20 pm Dick Tracy. 2.30 Untamed Frontier. 3.50 The Amazing World of Kreskin. 5.10 Felix the Cat. 5.15 Crossroads. 6.00 Granada News. 6.05 Time Off. 6.30 Cabbages and Kings. 7.30 This England. 8.00 The Love Boat. 11.00 Late Night Movie: "The Gun and the Pulpit."

HTV

10.30 am "Lust For Gold," starring Glenn Ford and Ida Lupino. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Mr. Toons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.30 This England. 8.00 Lucan. 11.00 The Human Face of China. 11.30 Fireside Theatre.

HTV Cymru Wales as HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Gonlis. 6.00-6.15 Y Dydd Yn Y Brilwyl. 10.30 Bywyd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Feature Film: "Mara Of The Wilderness." 1.25 pm News. 3.25 Cartoon Adventure. 3.50 The Electric Theatre Show. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Got Some In. 7.30 This England. 8.00 Charlie's Angels. 11.00 Late Call. 11.05 From the Top. 11.35 The Human Face of China.

SOUTHERN

10.30 am Call It Macaroni. 11.00 David Hand Cartoon. 11.10 Animated Classics. 11.50 Woody Woodpecker. 1.20 pm Southern News. 3.25 Stars on Ice. 3.50 Got Some In. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.30 This England. 11.00 Southern News Extra. 11.10 Doctor's Private Lives.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. †10.30 "Devil on Horseback," starring Googie Withers. 1.20 pm North-East News and Lookaround. 3.30 Survival. 3.50 The New Andy Williams Show. 5.15 Mork and Mindy. 6.00 Northern Life. 7.30 This England. 8.00 Hawaii Five-O. 11.00 Check It Out. 11.30 Mannix. 12.30 am Epilogue.

ULSTER

10.30 am Tuesday Morning Movie: "The Life and Times of Grizzly Adams." 1.20 pm Lunchtime. 3.25 Chopper Squad. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones or Millstones? 6.30 The Best Disco in Town. 7.30 This England. 8.00 The New Avengers. 11.00 The Outsiders. 12.00 Bedtime.

WESTWARD

10.30 am Sesame Street. 11.30 Call It Macaroni. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Stars on Ice. 6.00 Westward Diary. 8.00 B.J. and the Bear. 10.28 Westward Late News. 11.00 Colgate World Mixed Golf Championship. 12.00 George Hamilton IV. 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

10.30 am Mumbly. 10.45 Beachcombers. 11.10 The Mackenzie Affair. 1.30 pm Calendar News. 3.25 Calendar Tuesday. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 This England. 8.00 Lucan. 11.00 The Human Face of China. 11.30 Sidestreet.

(S) Stereophonic broadcast
† Medium wave

RADIO 1

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Colin Berry (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Sports Desk. 7.33 Folk '79 (S). 8.02 Helsinki Greets London (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

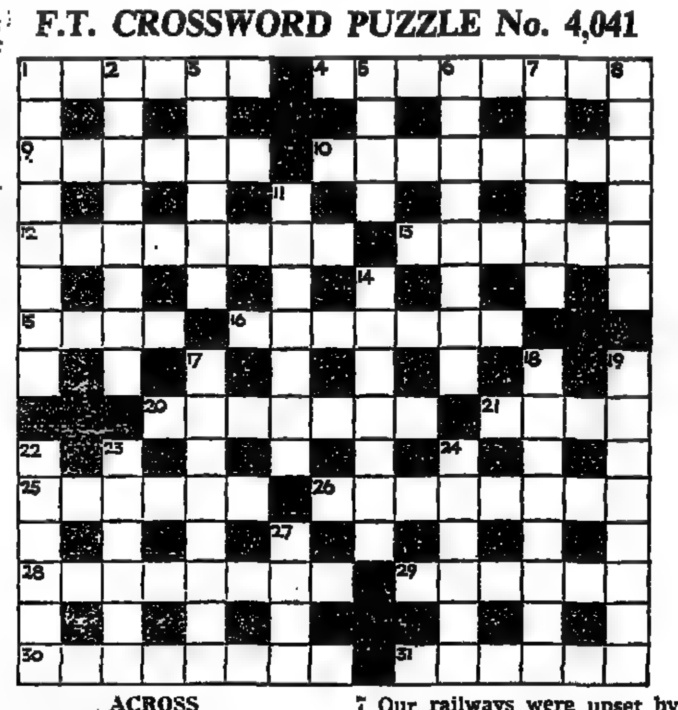
6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Schutz (S). 10.00 Coull String Quartet (S). 10.55 Cricket: England v India (final day), including 1.35 pm News. 1.40 The Arts Worldwide. 2.00 Lunchtime scoreboard. 6.30 At Home. 7.10 Pied Piper (S). 7.30 Proms '79. Monteverdi concert, part 1 (S). 8.25 John Sparrow . . . 8.45 Proms '79, part 2 (S). 10.00 The Two Hangmen (S). 11.20 Torroba guitar music (S). 11.55-12.00 News.

VHF with Medium Wave as above except 6.00-7.00 am and 10.55 am-7.10 pm as follows: 6.00-7.00 am Open University. 10.55 Music for Soprano and Violin (S). 11.30 Brahms and Debussy piano recital (S). 12.10 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Concert, part 2 (S). 2.00 Music for Solo Clarinet (S). 2.30 Respighi (S). 3.15 In Partnership. 4.00 Choral and Orchestral Concert (S). 5.15 Jazz Today (S). 5.45-7.10 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 The Enchanted Places. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-minute Theatre. 11.30 A Sideways Look at . . . 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs 1,500th Edition. 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 A Small Country Living. 3.35 A Dance to the Music of Time (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 Do We Count Any More? 8.05 Something Appealing, Something Appalling. 8.45 Addiction: A complete understanding? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. News. 10.30 Lines From My Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Come to the Cabaret while Parliament's away. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,041



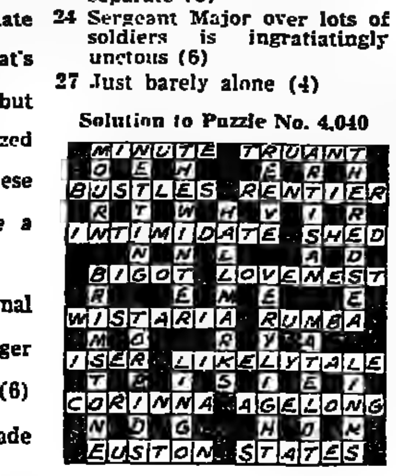
ACROSS

1 Move to action and supply forgotten words (6)
4 Pub for astronauts also used by typists (5-3)
9 Want the French to irritate (6)
10 Wail about soldier returning bond (8)
12 Bird to follow in drink (8)
13 Notice opening of feast (6)
15 Loch containing ship from the north-east (4)
16 The captain doesn't read it all (7)
20 Inflame with anger or inflame it for fragrance (7)
21 Part of brake used on foot (4)
25 Creature with thin plate turned back (6)
26 Meat in cake? That's fishy! (8)
28 Chap getting older but coping with things (8)
29 Track round pole in a dazed state (6)
30 Nods away unusually in these times (8)
31 Viewer allowed to make a a hole (6)

DOWN

1 Long type of weather signal on the tree (4-4)
2 Dull like the stage manager (8)
3 Friend dined with relish (6)
5 Father in agony (4)
6 General dealer has to trade in credit (8)
7 Our railways were upset by beer producer (6)
8 Turn round rubbish taken in (6)
11 Choose the French drink initially—it's preserved (7)
14 Evangelist with a job in drink (7)
17 Made greater in the development area (8)
18 Incorrectly sharpen top of lance and bits of shell (8)
19 Eastern people in tent or other accommodation (8)
22 Back on this meat being game (6)
23 Triumph at this moment and separate (6)
24 Sergeant Major over lots of soldiers is ingratiatingly unctous (6)
27 Just barely alone (4)

Solution to Puzzle No. 4,040



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Tonight 5.30 The Valkyrie: Thur 5.30 Siegfried: Sat 4.30 Twilight of the Gods. 104 balcony seats available from 10.00am on day of performance.

THEATRES

DRURY LANE. CC. 01-836 8108. Evs. 8pm. Friday and Saturday at 6 pm and 8.45 pm. The Rio Extravaganza BRASIL TROPICAL

THEATRES

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA 22nd sensational year. Fully air-conditioned.

CINEMAS

Leeds Castle

Dog collars on show by DAVID PIPER

"I heard," wrote the chronicler Froissart in 1395, "that the King [Richard II] was going into a beautiful palace in Kent called Leeds Castle." The site is said to have had a castle on it for some 500 years already by then. It is now 600 years on from Richard II, but a mere three since the castle has been opened to a more general public, so that it is not yet in some of the books nor is its accessibility as widely known as it might be. Yet, once there, the astonished traveller may well wonder what the Loire has that the modest Kentish river Len has not. True the Loire has châteaux by the dozen, the Len has but one, yet the claim that Leeds Castle is the loveliest in the world is not frivolous. It floats, its shimmering grey of stone, green of grass, on the mirror blue of its encircling lake; its swans are black. At Leeds, the weather for me is always calm high summer like childhood — surely equally falsely so, yet equally both bewitched and remote as childhood remembered.

Nor is the castle mere relict of time past: Lady Baillie, who salvaged it and restored it, left it to a Trust to be used for high-level conclave, for summits of statesmen and of luminaries of the medical profession, as well as for enchanted gawping by the public. For the latter, besides the usual amenities, refreshments and so on, there are waterbirds and woodlands, there is even golf: in the house, there is an opulence, but not excessive, of furnishing, and an incidence of pictures that is exactly suited to the visual digestion of the average visitor drifting through the summer afternoon, sipping nectar as he goes. Only after leaving perhaps, does one realise the quality of much that one has seen, and regrets not lingering longer. In the chamber where top seminars are held, for instance, there is a little group of French pictures—Lautrec, Degas, one of the best Pissarros even as one of the best Boudins, and an incredible Vuillard featuring just one decanter with four peaches, caught for ever at the melting point of ripeness.

This is all not a bit museum-like, but to it has now been injected an additional element: a mini-museum, dedicated to a mini-subject, and installed with exquisite taste and discretion alongside the gate-house. The subject is dog-collars.

I should admit forthwith that I am a recognised authority neither on dogs nor on their collars. I am, mostly, alarmed by dogs; as to their collars, I had so far no discernible emotional reaction. Flattered though I was to receive an invitation to the opening of this museum, I should also admit that I accepted almost in disbelief, and perhaps in the faint hope that besides being an excuse to visit the castle itself, the whole thing might turn out to be a romp staged by Monty Python. Further, as high summer fades, the dog days are indubitably upon us. It turned out to be a Happening, surreal but not in grotesqueness but in elegance if also in improbability. It is deplorable that it cannot be a daily event, rather than just a one-off for the opening, but obviously this cannot be. To some extent, it was like other official openings—speeches, thanks, acknowledgments, gusted through microphones thunderous with a fitful breeze. The exotic had, however, already been announced by the arrival of the VIPs in horse-drawn carriages, and the mainstay of the official proceedings proved to be the live modelling of some of the finest dog collars from the new museum by certainly some of the finest dogs in the country. As a parody of human *haute couture* parade—it surpassed—as the best parodies are wont to do—its prototype by miles. As the greyhound danced like a may-fly, the Great Danes did their sage and stately thing and the incomparable Afghan hound displayed with its gentle loping soft-shoe shuffle, my spirits rose and I forgot my plebeian body and its suddenly aged, infirm and dowdy presence. At this point, the perfection of the dogs dazzled their collars into oblivion; one might even feel a twinge of impatience at the impertinence of the collars, which are, after all, shackles.

An 18th century leather and red velvet collar worn by Mr. and Mrs. Krall's champion Great Dane, Dicari, the Lioness of Jafrak

But later, in the museum, the idea of the collars as shackles, fetters, restraints had no place. They are displayed as part of the developing history of man's relationship with the dog, but also, as not shackles, but personal jewellery with which proud owners salute their dogs. (A frankly racist attitude of course, but the canine lib movement has yet to get off the ground.)

The collection, presented to the Leeds Castle Foundation by Mrs. Gertrude Hunt in memory of her husband John Hunt, the distinguished medievalist, is claimed as the finest and most comprehensive in existence. The collars date from the 15th-16th to the 19th centuries. The earliest are neither primarily shackles nor jewellery, but defensive/aggressive iron armour barbed with ferocious spikes, for use in hunting or bear-baiting. The more elegant ones are mostly later, though the excellent, and very pretty, catalogue by Elizabeth Wilson and Wilson Stephens, notes that Philip II in 1558 owned one in silver-gilt, pearl studded, then already a collector's piece surviving from the 14th century. The later ones are styled naturally according to contemporary tastes from deep elaborations on baroque themes ("pierced cartouche ornament"), to a rococo *frivolity* ("silver plaques with summer flowers"), to plain neo-classic functionalism (though there too ostentation may occur: "repousse and chased with *griffins supporting a classical* vase"). Inscriptions tend, for obvious practical reasons, to name the owner, and sometimes address. Occasionaly there is a date. There is at least one variation (*I am Mr. Pratt's Dog, King Street, Nr. Wokingham, Berks. Whose Dog are you*) on a jocular theme that had some lasting popularity, but my favourite is inscribed simply *Annie Gubb, 1, Lyndhurst Villas, The Park, Ealing*—and do the ghosts of A. Gubb and her dog still walk the Park, *solitaire et glacé*, at Ealing?

Materials are leather, brass, and silver—the latter generally prizes or presentations. Elegant as wine-coasters often—and the dominant motif of the exhibition is inevitably the circle. The light-hearted feeling for design, *for playing variations, almost* juggling, with the circular theme, is altogether delightful in the uncluttered spaces of this little museum, and is due to Barry Mazure.

The Foundation has yet, following the opening of the Museum, which should attract a wider public than just dog-lovers, to resolve one irony satisfactorily. The "social rules" that visitors to the Castle are asked to observe include no radios—but also no dogs. Just as well, maybe: they'd only get ideas above their station. Driving back to London we passed a car with a trailer inscribed "Caution—show dogs in transit." *Sic transit* indeed, but the dog collars survive.

Leeds Castle and the Museum (off the A20 beyond Maidstone) is open normally April 1 to October 31 on Tuesdays, Wednesdays, Thursdays, Sundays and Bank Holiday Mondays 12.30-17.00.

Harrogate Festival

Peterson and Mozart

by WILFRID MELLERS

The first two major concerts of this year's festival were dedicated to Oscar Peterson and Mozart — musicians disparate *in time and place no less than* in colour. What they have in common is excellence which, overriding disparity, affirms human stability beneath the flux. As a jazz pianist Peterson *is a traditionalist whose im*provised composing telescopes the brief history of jazz piano, harking back to the raucously randy barrelhouse, ranging through the more disciplined *elegance of rag and stride piano* to the harmonic and figurative luxuriance of the cabaret pianists of the 30s and 40s, and so to the nervous sophistication of bebop and modern jazz, and to today's intellectualised primitivism. In this August 1 recital Oscar sometimes recalled the raw exuberance of a barrelhouse player like Pete Johnson (for instance the rip-roaring two-fisted confrontation he made of "Cherokee" or "Cottontail"); *often he swung with the potent precision of a* Jelly Roll Morton or Fats Waller (for instance a superb "*Indiana*"); habitually he played *with a mingle of Earl Hine's* electrical linearity and harmonic sensuality with Art Tatum's quasi-orchestral opulence and pyrotechnic agility (for instance the extended versions of "Honeysuckle Rose" and "Mac the Knife"). Occasionally—as in an exquisitely moony version of a Monty Alexander number and in the pianist's own moving elegy for the incarcerated Nelson Mandela—Peterson *hinted* at the introspective elusiveness of Keith Jarrett though, unlike Jarrett, he never relinquished jazz corporeality.

Oscar's genius — *this is not a word to bandy around lightly*—lies in the spontaneity whereby he effects transitions between so many eclectic moods and manners. His music becomes a powerfully personal testament *in the very act of crossing* barriers of race, culture and class; his is indeed a global village music that doesn't segregate black ghetto from white cocktail lounge, African township from the Carnegie Hall or this royally ornate hall in Harrogate. This recital was a triumph of human maturation—made possible by a keyboard technique never equalled in jazz history, not even by the phenomenal Tatum. Perhaps a dutifully carping critic might persuade himself that there were a few too many sizzling arabesques that cascaded to a fortissimo stump in the bass, or that the use of hammered octaves to steer the impro*visations into a coda became a* shade predictable. In total effect, however, Peterson's manners are not mannerisms but conventions within which he lives, moves (and how) and *has his being*. *His swirling* roulades are genuinely "flights," for we listeners take off no less than his fluttering fingers: while in slow numbers Peterson's command of colour, graduation and nuance rivals that of Horovitz. Moreover, he has one advantage over Horovitz: he is a creative (improvising-composing) rather than a merely interpretative musician.

Peterson is, I suppose, an entertainer whose entertainment is apt to embrace art — not because it may superficially resemble Chopin or Debussy, but because it's emotionally intense and intellectually committed. If his rapidly fluctuating manners suggest that he doesn't differentiate between *the genres*, neither did Mozart, who was professionally expert even as a child. In his early 20s he composed many serenades that were intended to divert, and do so: two of them were played on August 2 by the English Chamber Orchestra under Pinchas Zukerman. Yet while they beguile empty time, they offer glimpses of unsuspected horizons: in the D major *Serenata Notturno* K239 the social persiflage of march and minuet is, in the rondo finale, *oddly disturbed by two inter*ludes, one mysterious, the other merry, which seem also to be topical and local jokes more intelligible to Salzburgians of the 1770s than to us. Similarly *the large-scale Posthorn Serenade* K320 enchants with felicities of orchestration appropriate to the open air rather than to concert-hall or chamber, while starting with an allegro *at once lyrical and energetic*, and possibly autobiographically dramatic, too, for Einstein maintains that the savage unisonal phrase that repeatedly disrupts the tender second subject represents the malignant Archbishop Colloredo saying No to Mozart! Though this may sound fanciful, it's indicative of *the multiple levels on which* Mozart's, like Peterson's, entertainment music functions: as is the collocation of the impudent rondo with the tragic lament of the minor-keyed andantino. *To play music veering so mut*ably between the sublime and the ridiculous calls for a technical skill and improvisatory spontaneity relatable to Peterson's; Zukerman's sensitively *zestful performances* offered just that. He, the players and (some of) the listeners chuckled when the music chuckles, sighed when it sighs — much as Oscar, as one-man band, had acted out his music in incipient song and dance.

Equivocation between the aristocratic and demotic, and between art and entertainment, characterises Mozart's most "serious" music also, since it's the heart of the sonata principle and of Mozartian opera — *which refashioned heroic con*ventions in the light of sonata's musical democracy. Janet Baker sang two concert arias, one of which, "*Parto, parto*," comes from Mozart's last opera, *La Clemenza di Tito*, a piece archaic in being a heroic *opera seria*, yet modern in that its desponticism is "benevolent." *Dame Janet's fusion of gran*deur with compassion was precisely appropriate; and in "Al desio di chi t'adoro" (an additional or substitute aria for *Figaro*) she marvellously re*vealed the Shakespearean*—proteanly tragi-comedy, lyric-dramatic — qualities of this glorious music.

The concert began with Bach's cantata no. 170, *Vergnute Ruh*. *In context it was anachro*nistic; but the sublime opening aria — in Bach's seraphically floating 12/8 — was sublimely sung. The fine instrumental playing, moreover, established *another link with Peterson in* demonstrating how the difference between a great and a routine performance of Bach depends on whether or not the music swings.

New head for London Festival Ballet

Mr. John Field, at present director of the Royal Academy of Dancing, has been appointed artistic director of the London Festival Ballet, to succeed Miss Beryl Grey. He will take up his appointment in early November.

As a former dancing partner of Miss Grey for a number of years at Sadler's Wells Ballet, Mr. Field appeared with her at Covent Garden.

Barga, Italy

Rossini's Demetrio e Polibio

by WILLIAM WEAVER

Though Rossini's *Demetrio e Polibio* was the sixth of his operas to be performed, it was the first to be written. He composed it, apparently, in his 13th year, in bits and pieces, as the text was handed to him. The librettist was Vincenza Vigano Mombelli, sister of the famous choreographer, neice of Boccherini, and wife of a fairly well-known tenor, Domenico Mombelli, who with his two daughters by his first marriage, both singers, made up a kind of all-purpose, traveling opera company. It was he who commissioned the young Rossini to write the various numbers that —probably integrated by music of Mombelli himself—were then put together to form *Demetrio e Polibio*.

After its first performance in 1812 at the Teatro Valle in Rome, the little *opera seria* had a certain success and was heard in a number of Italian houses (Stendhal writes of a performance in Como, though he almost certainly was not there). Then, as the taste for opera seria waned, and as Rossini's later operas overshadowed his first flights, *Demetrio e Polibio* vanished from the repertory.

This year the enterprising Opera Barga chose this Rossini rarity to open its 13th Festival Lirico Internazionale, and for the occasion a capacity crowd assembled in the beautiful, but remote little Tuscan town, high in the mountains of the Garfagnana, above Lucca. The now-restored Teatro dei Differenti was crammed, and the reception of the performance was enthusiastic.

For much of that enthusiasm, Rossini must be thanked. The little piece — despite Signora Mombelli's dotty libretto, a long way after Metastasio — proved lively, engaging, individual. The quartet, "Donami omai Siveno," highly praised in Rossini's own time, more than lived up to its fame; and there are many other pages that are already exquisitely Rossinian. A prayer for tenor and male chorus was particularly moving, as was the duet for soprano and mezzo-soprano (heroine and hero), in the first act.

This duet was sung with great style and feeling by Cecilia Valdenassi and Benedetta Pecchioli, both young professionals of recognised talent (Pecchioli starred in the controversial *Cenerentola* in Spoleto, a couple of festivals ago). They were the mainstays of the performance. Though Valdenassi was, now and then, slightly shrill in the tricky coloratura music of Lisinga, she sang with admirable intensity and restraint, and was deeply affecting in the less vehement pages of her part; Pecchioli, tall and handsome, in the trouser-role of Siveno, obviously was convinced of her noble music and capable of projecting it. The tenor, Giandomenico Bisi, was simply not up to Rossini's demands (Rossini once said that this opera, or some of it, is "easy." It isn't). The fourth singer, the bass Aldo Bramante, was acceptable.

Barga, despite its grand title "*festival internazionale*," is really a summer-school; and one doesn't go there expecting professional polish (or if one does, one is sorely disappointed). The orchestra was rough-and-ready, not very different probably from Signor Mombelli's musicians in 1812. Bruno Rigacci conducted with energy and, overcoming occasional mishaps, kept the performance moving. The chorus was dim, but is not a vital element in the score anyway. Now one would like to hear a full-scale professional performance. Francesca Maria Siciliani staged this production sensibly, without fuss, and Gillian Armitage Hunt, one of the founders of the Bargo enterprise and now its general director, designed a practical unit set and appropriate costumes.

The programme-book included a facsimile of the libretto of the 1812 performance and a useful historical note by Giovanni Carli Ballola. What it did not contain unfortunately, was any information on the revision (by the conductor Rigacci). One would *have liked to know more about* the state of the music and, if possible, the extent of the contributions by Mombelli or by others, if any.

Festival Hall

South Bank Summer Music

by NICHOLAS KENYON

Pinchas Zukerman opened his second season as artistic director of South Bank Summer Music on Sunday by playing the viola in Mozart's Sinfonia Concertante (K.364) and by conducting the English Chamber Orchestra in the remainder of a short all-Mozart programme. About the former activity there could be few reservations. Zukerman's intuitive, almost brusque way with the instrument may not be ideally suited to Mozart, but the natural flow of the phrases, the lilt of the rhythms and the sheer vitality of the playing are delightful to hear.

On this occasion his partner at the violin was Jaime Laredo, who shares Zukerman's vigour, and matched him firmly in the thirds and tenths, but delivered his solo passages with a jumpy approximation to their true direction—we might not have noticed, had not Zukerman carefully shown us a better version in each echo.

The English Chamber Orchestra, on a hot Festival Hall stage encumbered with heavy drapes and a funereal proscenium arch (the ballet is in residence) seemed to find it hard to communicate either with us or with each other: the recessed cellos and basses mumbled their striding trills; some lovely wind playing was as a distant echo. At the conductor's desk for Mozart's E flat Symphony (K.16), Zukerman had no noticeable effect on the situation—indeed his cheerful, flabby gestures bore little relation to the sound that emerged. Why on earth did he not lead from the violin?

The second half of the concert could scarcely have been more different, given that the music was by the same composer. Sir Clifford Curzon joined the ECO for the B flat Concerto (K.595): his performance was exquisitely refined, sometimes unbearably beautiful, and surrounded by such an aura of directly-communicated nervousness that it was almost impossible to listen to. From a knife-edge of tension, some phrases fell one way, some the other—those that fell towards the music had all the fragile strength and beauty of porcelain. If only we had heard such a precisely dotted rhythm, or such a fully-weighted passing note from either orchestra *or soloists in the rest of the* evening! Curzon made their jollity seem merely sloppy.

Arts news in brief

The Venice International Film Festival will take place from August 25 to September 4. It will have three main themes: *Venice 79*, with over 20 world premieres; *Venice Workshop* films of particular interest from the aspects of technology, sociology and philology in film making; *A Marcel Pagnol Flashback*.

During the festival a conference on the theme *Cinema in the Eighties* will be held with the participation of directors and producers.

Among the films to be seen at Venice will be *Saint Jack* (directed by Peter Bogdanovich), *Strangling* (directed by Kaneto Shindo), *More American Graffiti* (produced by George Lucas) and *Le Navire Night* (directed by Marguerite Duras).

*

The London Symphony Chorus is sponsored, for the first time, on September 26 when, at the Fairfield Hall, Croydon, it gives a performance of Haydn's *Creation*. This first sponsorship is by Canon Business Machines (UK).

This association with the London Symphony Chorus is *not* Canon's first association with the world of music. In November 1978 Canon was a sponsor for Rossini's *Adlaide di Borgogna*, its first performance in modern times, staged by the Donizetti Society.

*

The first public showing of the priceless Schroder Collection of silver will be at Goldsmiths' Hall, EC2 in the autumn.

The Press and private view will be from 11.00 to 1.00 on Tuesday, October 9. The collection will then be on view (free of charge) from October 10 to 26, daily from 10.15 to 5.00, except at weekends.

This is claimed to be the finest collection of Renaissance silver still in private hands, with nearly a hundred examples of silver and silver gilt enriched with rock crystal, enamel, porcelain, tigerware, coconut and nautilus shell.

The collection was first started by Baron Sir John Henry Schroder, who died in 1910 and was continued by his nephew, Baron Bruno Schroder; it now belongs to the latter's grandson Mr. Bruno Schroder.

*

A major new collaboration has been announced between the Royal Northern College of Music and Welsh National Opera. These two leaders in the educational and practising fields of opera in the UK are to pool resources for a series of joint productions.

The first joint production is of Verdi's *Ernani*, which will open with WNO at the Cardiff New Theatre on October 30. WNO musical director Richard Armstrong conducts, and the production is in the hands of Elijah Moshinsky, associate producer with the Royal Opera Covent Garden.

Manchester will see the première of the second joint production, when Dvorak's *The Jacobin* is first performed at the College on March 25 1980. The RNCM performances conducted by director of opera studies David Jordan, will be produced for this occasion by Arian Slack, WNO's director of productions and artistic director of the Wexford Festival.

FINANCIAL TIMES
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Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
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Tuesday August 7 1979

One more try on Rhodesia

THE RHODESIA problem, like the Irish question, has defeated successive British Prime Ministers and Foreign Secretaries. Sunday's Commonwealth agreement on yet another new approach seems to have generated a fair amount of euphoria. Mrs. Thatcher has said that the agreement is a "success" and a "tremendous start." Some African leaders have described it as a "triumph." But the Prime Minister and her team in Lusaka must be fully aware of the pitfalls that lie ahead.

Responsibility

Britain has met the wishes of the Commonwealth by reassuming full responsibility for arranging a settlement. That is a courageous decision, given that past failures of British policy have stemmed from the UK's inability to influence what has actually happened on the ground — whether politically or militarily. In trying to bring pressure to bear, the last British Government recruited American help. The Anglo-American initiative is now dead. This Government has chosen to work through the Commonwealth, accepting the logic of the argument that the best, if not the only, way of exerting an influence is through the five Front Line African States that are closest to the conflict. Nobody has yet discovered any other way of putting pressure on the Patriotic Front leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, whose acquiesence is essential if the war is to be ended.

Solution

On paper, the latest agreements looks fine. By accepting *the ideas of new, British super*vised, elections and changes in the Zimbabwe-Rhodesia Constitution, Mrs. Thatcher has met many of the objections that have been directed against the Muzorewa Government by its opponents in Africa and in the Comminwealth as a whole. She was right to say at her Press conference yesterday that a settlement on these lines would be better for White Rhodesians than the inevitable escalation of the war if it fails. She is also right to pay little attention to the handful of right-wing Tory MPs who are already complaining that the Whites have been sold down the river. If she decides to impose her plan on the Conservative Party, the majority of its members will follow.

The solution, if there is one, is to be found in Africa, not in London. The initial reactions to the latest formula from both the Patriotic Front and Bishop Muzorewa's Government in Salibury have not been encouraging. It is true that public statements on Rhodesia have often differed from the positions that the protagonists are prepared to take privately. But it remains a fact that Mr. Nkomo, Mr. Mugabe and Bishop Muzorewa all want to finish up running the country and there is no possible formula which squares that particular circle. As long as the Patriotic Front leaders believe they have a better chance of getting their way by fighting, rather than through the ballot box, they will want to continue the war.

This, of course is where the leaders of the Front Line states come into the picture. Many of the countries bordering Rhodesia, and particularly Zambia, are suffering severely from the war in general and their role as guerrilla bases in particular. The admittedly rather tenuous hope must be that President Kaunda can now persuade Mr. Nkomo to agree to stand for election in his own country, and, even more important, prevent him from continuing the war if he does not wish to take his chance at the polls.

Constitution

It is encouraging that the new *proposals have been so whole*heartedly endorsed by the Commonwealth and the Front Line States. But there are still a great many unknown factors. There must be considerable doubt over Bishop Muzorewa's ability to change the Constitution, *even if he is prepared to* try. The considered reaction of the Patriotic Front leaders is still unknown—as is that of the white and black people living in Rhodesia, whose approval is obviously necessary. Given the history of Rhodesia over the past decade, it would be rash to suggest that this is positively the last British attempt at a settlement. If it fails, however, the Government will be tempted to try to wash its hands of the entire affair. What is certain is that if the latest attempt comes to nothing a great many more people are going to die, and the Front Line States may well find themselves obliged to look for allies elsewhere.

A threatening squeeze

"ALMOST frighteningly bad," Sir Geoffrey Howe's widely publicised assessment of Britain's immediate economic prospects, could well be applied to the wholesale price figures published yesterday. A jump of 2.2 per cent in a month when sterling appreciated 3 per cent against the dollar is alarming, even by the experience of the last few years. Coming on top of this, the announcement that Post Office engineers have rejected a pay offer of over 17 per cent, completes a grim picture of inflationary pressures over the next few months.

Pay settlements

The six-monthly rate of increases in wholesale prices now running at 9 per cent still has to make its impact on the retail price index, and the changes in VAT and hydrocarbon duties imposed in the Budget do not affect wholesale prices. Publicised pay settle*ments are running at disturb*ingly high levels and the foreign exchange markets have, at least temporarily, lost their enthusiasm for sterling.

Nevertheless, there are consolations, particularly for the government and its economic advisers. The policy of allowing sterling to float upwards has been vindicated, at least in a negative sense. Things might have been very much worse if the Bank of England had intervened to hold sterling down. The relaxation of monetary policy that sterling intervention would have entailed, would have been inflationary at a time when costs were rising so rapidly. Of course the other side of the coin is that the monetary expansion ceiling of 11 per cent is becoming increasingly restrictive as the price indices climb. But this restrictiveness is the essence of a counter-inflationary monetary policy.

Moderating effect

The direct advantages of a *strong exchange rate* are evident in the index of raw materials and fuel prices. After a jump of 2.2 per cent in June, due entirely to the backdated increase in OPEC's oil price, raw materials costs held steady in July despite further large increases in crude oil prices. The sterling costs of non-energy raw materials have fallen sharply as sterling has appreciated. If sterling now maintains its value raw material costs should have a strong moderating effect on wholesale prices over the next few months.

The Government has far more faith in the salutary effects of tight money and a strong exchange rate than do many of its supporters in industry. So, despite the menacing figures that can be expected over the rest of this year, there is a good chance that the present policies will be continued and that inflation will be moderating noticeably next spring.

Faith in the Government's economic policy must be built on the hope that a currency and monetary squeeze will have its impact on inflation before it destroys the profitability of large parts of Britain's manufacturing industry. This is a gamble and the stakes are higher than the Government would wish, as the Chancellor suggested last week when he bemoaned the speed with which external events were forcing the British economy to readjust to a strong currency. Significantly, he did not deny the need for the adjustment process itself.

Labour market

The joker in the pact is the behaviour of the labour market. If the trade unions are unwilling to accept that higher oil prices have to be paid for, industry is bound to suffer under the monetary and currency pressures. If, on the other hand, competitive pressures could be translated into higher productivity, the British economy could improve its competitive position reasonably too quickly. Yet as long as other groups follow the Post Office workers and insist on trying to keep their wages rising faster than the prospective increase in retail prices, the Government's policies will squeeze not inflation, but profits and jobs, out of the economy.

Complex arguments over world poverty

BY ANTHONY HARRIS

WORLD AGRARIAN output has grown substantially in recent years—especially output of some export cash crops, such as sugar, bananas, cocoa, coffee, groundnuts and rubber. However, at the same time rural *poverty has increased. There* are now perhaps 750m people, a vast majority of them rural people, who live at the margin of survival. Indeed, the changes which have improved agrarian efficiency—irrigation for high yield crops, increased plantation of export cash crops, and so on — for example by dispossessing small farmers, have often themselves made rural poverty worse. This paradox of rising malnutrition amid rising output is the root of some of the most intractable north-south problems.

A paradox of rising malnutrition amid rising output.

Trevor Humphries

The emergence of this dilemma, which was the subject of a 150-nation conference in Rome last month, can be put down to two-radically different causes. The first is the internal policies of the countries concerned, either because governments represent a landowning minority, or simply because they give first priority in resources to industrialisation and urban development. But many poor countries claim that they are victims of exploitation —*a more explosive charge.*

There is now a wide consensus, ranging from the Communist bloc to the World Bank and the U.S. aid authorities that effective land reform and adequate rural credit are indispensable first steps to getting rid of rural poverty. Some go further. The EEC aid authorities, ingeniously making a virtue of the Common Agricultural Policy, lay great stress on raising prices for agrarian produce, arguing that surplus income in the rural areas will do more for urban development than any amount of aid. Many voluntary bodies actually oppose aid unless there is reform first.

These ideas have been preoccupying United Nations and other aid agencies for some years. The World Bank now stresses what it calls a "minimum needs" approach, and gives priority to rural projects and rural credit. Many aid donor countries are following the same priorities, and at the same time looking for means more effective than grandiose government-to-government programmes. The UK, for example, now gives £-for-£ support to a number of agencies such as Oxfam, which concentrate on small projects with local participation, and the Dutch, the most generous aid givers in the EEC, are moving in the same direction.

The EEC's own development effort has also begun to change in the same way. Its most chastening lesson came in the Sahel region south of the *Sahara, where a project to tap* underground water supplies with large, deep wells, available throughout the year, proved a disaster. So many nomadic herdsmen headed for these waterholes that new deserts were created in the surrounding country, due to trampling and over-grazing. The cattle could drink, but they starved. The EEC now gives a much stronger priority to what it calls "micro-projects" — modest developments with an average cost of about $50,000, including much investment in education and health—and is also starting to channel funds through voluntary organisations.

The U.S., more radically, is seeking to give aid preferentially to countries which have a significant internal programme of land reform and rural development. However, not for the first time, Congress has subjected a would-be reforming Administration to a kind of Catch 22. Land reform must often start with expropriation; but an amendment to the U.S. Aid Act introduced some years ago by Senator Bourke Hickenlooper automatically cuts off aid from any country which expropriates U.S. property. As a result, some of the most energetic land-reformers are disqualified.

Aid-givers guide

Apart from a sharp squabble about the appropriate terms for land expropriation, these issues of agrarian reform caused little contention in Rome. Indeed, the conference took its one potentially significant decision on this subject. It called on the UN Food and Agriculture *Organisation* to devise statistical criteria of effective reform, which could be used, U.S.-fashion, as a guide to aid-givers —a kind of inverted blackmail. Some external pressure is clearly needed for governments are now as ready to claim that *they are reformist as that they* are peace-loving. If half the claims made by national representatives in Rome on behalf of their own policies had been true, there would have been no need for a conference; an objective measure is badly needed to direct resources to the places where they can be effectively used, and put pressure on the laggards, though one can foresee bitter contention once the judgments are made public.

The issues of trade and exploitation, however, are a matter of present rather than future contention. To a large extent these are the same issues which have been rehearsed endlessly at the UNCTAD meeting in Manila, the Gatt talks in Tokyo, and many other meetings. There was a certain *weariness about the standard* arguments over wording, over the New International Economic Order—supported by the poorer countries and many UN agencies, but unrecognised by the rich—and the other standard North-South bickering.

All the same, these issues have a rather sharper edge when rural questions are being discussed. This is because the markets of the West and the would-be reformers are often competing for the same resources of cultivable land. There is growing disillusion, among aid agencies and many recipient countries, with development aimed at export crops for rich markets.

There are strong reasons for this disillusion. First, the establishment of export plantations reduces the land available for the rural population. Second, prices are often seen as inadequate, and the growers have for years been demanding better opportunities to move downstream into processing and marketing, with results they find acutely disappointing. Third, the management of such projects often employs capital-intensive and energy intensive methods which are ill-matched to local potentialities and needs.

As a result, there is a danger that more countries will adopt the essentially isolationist approach of such countries as Tanzania, limiting imports to the minimum of bare essentials so that resources can be concentrated on domestic development, even at considerable *material sacrifice.* Such countries argue that employment and attacking poverty are more important than foreign currency or sheer marketable tonnage.

Suspicion of commercial development is at its most intense where transnational corporations are concerned. The countries interested in developing country agriculture are grouped together in a body called Industrial Co-operation for Development, an effort to ensure that their activities fit in with the needs and aspirations of host countries. This body was previously affiliated to the FAO, but was thrown out by Edouardo Saouma, its present Director. In one of the few moments of drama in Rome, a deathbed message to Saouma was brought from Professor Erich Jacoby, the academic grand old man of agrarian reform, congratulating him on this "visionary" move, and warning delegates of the continuing influence of the "hated" multi-nationals in other UN agencies and in the World Bank. A desire for self-sufficiency and a distrust of the main companies involved is not a promising attitude to trade relations.

However, this is not the cut-and-dried issue of virtuous collective versus wicked capitalist which the propagandists of voluntary aid—mainly of the extreme Left—like to put forward. In an address which was generally regarded as the high spot of a dull meeting, President Julius Nyerere admitted the setbacks which Tanzania's self-sufficiency project has suffered. He drew a central lesson: no government can force the pace of reform beyond what the rural people themselves want. What rural people lack as much as income is organisation and political power. The enforced villagisation programme in Tanzania was intended to provide the setting for community action, but it did not work out as expected.

While President Nyerere *stressed the need for local* initiative rather than paternalist planning, he was a little less open about a further lesson in his own country. The collective idea has in fact gone into retreat, except in marketing surplus produce. It has turned out, as *in so many countries* that there is no incentive like family ownership. Subsistence farmers are Thatcherites.

Co-operatives development

Abnormally high productivity from quite small peasant-owned plots is indeed a common experience in countries as different as the Soviet Union and Cuba at one extreme, where such ownership is discouraged, and France and Italy at the other, where it is the norm. A co-operative of productive owners, sharing major equipment, storage facilities and transport as well as marketing, *seems to be a later stage of* development.

This idea also crosses ideological frontiers, and is as vigorous in Hungary as in Italy (where co-ops produce more than half the wine), France (where they are important in fruit and vegetables as well as other crops) and Ireland (where they dominate the dairy industry). Indeed the co-ops have now started direct trade between themselves, to cut out middlemen and the much-attacked multinational corporations, to the tune of $100m in their first year of direct contact.

Perhaps because of the setbacks of collectivisation in the more socialist countries, and problems of efficiency in countries still attached to personal ownership, co-operatives, though very far from a new idea, seem much favoured at the moment. Certainly in Rome the most significant alteration to the official draft resolutions—apart from those reflecting standard North-South squabbles—was the insertion of a series of clauses calling on national governments and aid and financing agencies to assist the setting up of new co-operatives.

An observer from what is, in this context, a very rich country can hardly spend 10 days in the company of experts in such matters without acquiring a good deal of sympathy for some of the Third World arguments. Those who preach self-help at home should respond to it abroad, even if this may require an interval of protective semi-isolation. Peasants who may require years to reach the level of literacy and sophistication to set up a local co-op can hardly deal on equal terms with Western commerce.

Certainly the Western insistence on reciprocal trade arrangements and commercial terms can seem strangely irrelevant. One example will serve as illustration: one of the smallest countries represented (population about 60,000) has had an offer from Germany of a "mutual investment treaty."

"It is kind of the Germans to show such concern about our large investment assets in their country," the development minister observed to me. "Ah they really want of course is better compensation for the land they own if we want to take it over."

Again, despite the concern of professional aid agencies with small enterprise on the ground, some Western development thinking remains on a gargantuan scale. The Trilateral Commission, a private think-tank of which President Carter was a member until his election, is at the moment trying to sponsor a project of no less than $54bn for rice irrigation. This demands large inputs of energy and chemicals, and is regarded by the potential beneficiaries with suspicion. At the other end of the scale President Senghor of Senegal described how fishery productivity had been near-doubled by providing small outboard motors for traditional canoes.

This kind of modest indigenous project is the stuff of self-help and independent prosperity; and it requires time and local initiative. Large investment programmes, unless devised with great tact, and even gifts of free food, which can undermine local markets can disrupt the process. The very aims of Western investment, which are essentially those of high-powered consumers, may be counter-productive. The World Bank argues eloquently that only rural prosperity can foster development, because it provides markets; and the same argument would seem to apply to world trade. As the EEC Commission, hardly a Third World lobbying organisation, argue in the report cited above: "In the experience of the Community, policies aimed to foster the interest of producers are more effective in sponsoring growth and development than those which favour consumers."

MEN AND MATTERS

When my ship comes in . . .

The last ship likely to use the Western Albert dry dock, which is to be closed in two weeks, limped away down the Thames last month without having been repaired.

The Russian Pioneer Belorussii needed to have her propeller straightened, but failure to agree on overtime meant the contract could not be completed to the required schedule.

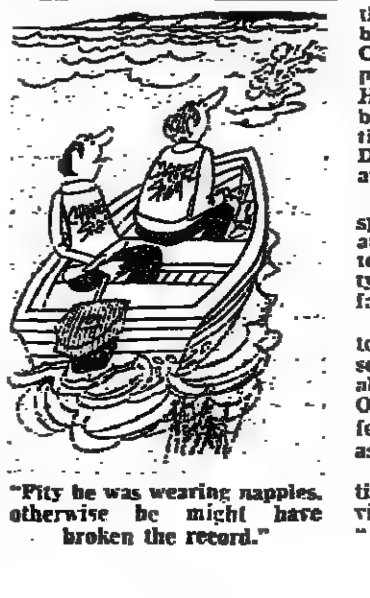
The dry dock is part of East London's Royal Albert Docks, which are to be closed after the disastrous financial performance of owners River Thames Shiprepairs. The company, part of state-owned British Shipbuilders, nearly doubled its loss to £5.2m in the latest financial year, ending on March 31, 1979. This loss was equivalent to nearly three-quarters of its overall turnover of £7.1m.

The Royal Albert's work is to be divided between Tilbury and Millwall, and some of the workforce is also moving to these docks. Nevertheless, feelings are bitter, among the management as well as the men. On July 20 James Ekins, chief executive of the company, left because of the decision to halve the workforce.

Yesterday I learnt that Ekins departed on the same day as the Pioneer Belorussii. The vessel had come in earlier in the week with propeller trouble. When the diagnosis was made in dry dock, the Russians naturally *wanted the job finished, now* that she was clear of the water.

However, the propeller had to be removed and sent to Liverpool for straightening, and the men would not guarantee they would work sufficient overtime over the weekend to ensure the propeller was *on the Sunday* 2 pm train north.

The Russians decided not to take the risk. So they sailed their repair job elsewhere.



"Pity he was wearing nappies, otherwise he might have broken the record."

Slings and arrows

Hamlet as portrayed by Shakespeare is no credit to Denmark, says a team of professors from four of the five Danish universities. They think the royal Dane cared little for all that was rotten in the state, but instead fell into the petty bourgeois error of introspection and existentialist speculation.

Shakespeare was to blame, say the academics, who are headed by Professor Palle Olsen, of Copenhagen University. In a pamphlet entitled "Say No to *Hamlet," they are urging a* boycott of the Old Vic production which is to open, with Derek Jacobi playing the prince, at Elsinore on August 21.

The professors say Shakespeare should have told the audience that Hamlet's job was to get on with overthrowing tyranny, as represented by his father's ghost and his uncle.

On top of that, Hamlet failed to tackle the role of women in society. He displayed a lamentable male chauvinist attitude to Ophelia, instead of "seeing the feminist reality of her position as a captive of the system.

"Our's is a simple, revolutionary and comprehensible view of Hamlet," says Olsen. "The rest should be silence. That is why the play at Kronborg Castle deserves to be boycotted."

When I put this argument to Toby Robertson, director of the Old Vic production, he was quick with some rival dialectic: "The way we see it down here in the Waterloo Road," he said. "Hamlet is in revolt against the real politik of the Claudian system. Society had been corrupted by the king's emotional capitalism. Hamlet was really a Marxist, since Marxism is the liberation of self.

"*As for Ophelia, she got just* what she deserved."

But Danish theatre-lovers have pre-empted the debate. The 30,000 seats for the 16 performances at Elsinore have *already been sold out.*

Confusion reigns

With high interest rates, time is worth more money than ever *nowadays. Perhaps this accounts* for the growing incomprehensibility of business letters, as companies seek to delay expensive transactions by sowing confusion. Lucas Industries has turned up a prime example in its latest house magazine, which reads:

"Dear Sirs,—We beg to advise you that we are taking it that your letter of 1st inst., ref. GHS. 36.0, which refers us to your letter of 25th ult., actually refers to our letter of 25th ref. HCW/CB and your letter of 28th ult. ref. GHS/HC. RE.75160 which is replied to in our of 1st inst. ref. HCW/CB. Yours faithfully, etc etc."

This type of eye-twisting prose is undoubtedly more effective than weak excuses for non-payment, which I touched on recently.

A reader tells us that the chief accountant in one company had been driven to distraction by a series of such excuses, which had included "we mislaid your account," "the managing director is not available to sign cheques," "*the computer has* broken down," and "the accounts clerk who deals with your account is on holiday."

Finally the accountant wrote to the supplier listing all the excuses that had been made for nonpayment. The supplier wrote *back:*

"Dear Sir,—I must apologise for the poor quality of excuses given to your company . . ."

Matter of forms

Every British trade mission to Brazil has come back with a basic view: the opportunities are wonderful, if you can fight your way through the paperwork. So industrialists and import-export companies in Sao Paulo and Rio *are waiting ex*pectantly for first signs of the country's "debureaucratisation"; some admit to scepticism.

With a trumpet-blast of publicity, Helio Beltrao was recently made Minister Extraordinary for Matters of Debureaucratisation. He says: "The civil service in Brazil wants a document for everything. It presumes everyone is a liar until he proves the contrary. From now on, the reverse must apply: people must be taken at their word."

But for all Beltrao's high ideals, he has an entrenched system to fight. Brazil has been regarded as a bureaucrat's heaven ever since Portugal colonised it 400 years ago.

Castle in the air

A guide was battling to make herself heard against the roar of overhead airliners at Windsor Castle the other day.

After one such interruption an American in the tour party demanded: "What's wrong with *the town planners round here*? Why did they build the castle so near the airport?"

Observer

The fuel trauma and the airlines

BY MICHAEL DONNE, Aerospace Correspondent

THIS SUMMER, the world's airlines have been going through a traumatic experience, as a result of the steep rises in fuel costs which have already wrought havoc with their *budgets for the current year*. Their fuel bills, originally expected to amount to just over $4bn in 1979, have already soared by more than 80 per cent to $7.3bn.

The most immediate response has been to raise fares. They went up in April by 5 to 7 per cent, which helped the airlines to recoup about $1bn of the additional fuel costs. Now, they are to go up from September 1 by another 9 to 15 per cent depending on the routes. It is hoped this will help the airlines recover the rest of the fuel price increases. If not, further fare rises will have to be introduced later, and these will certainly occur if OPEC puts up its crude prices again in the months ahead.

Individual airlines' experiences vary, but British Airways says its fuel bill for this year is likely to be up 70 per cent from last year's £240m to over £400m. While some of this is due to more flying because of traffic growth, the bulk of it is due to price rises.

The average world airline price for fuel, which late last year was between 40 and 45 cents a U.S. gallon, is now around 75 cents, and is expected to go well above 80 cents before the year-end. Already, rates of well over $1 a gallon on the spot market are common, and many airlines are buying fuel at that price, simply to keep operations intact in the face of cutbacks in supplies from major oil companies. One big U.S. airline, Braniff, says it is only getting 77 per cent of its fuel *from its normal suppliers*, and is buying the other 23 per cent on the spot market, at over $1 a gallon.

While the airlines believe that the dearer fares will deter some passengers, they do not believe that they will result in a dramatic drop in traffic—unless there is a further shattering *rise in fuel prices*.

Rather, they expect the effect to be a slowing of the rate of growth of passenger traffic, to perhaps around 5 per cent a year, against the 10 to 12 per cent a year that has been seen in the immediate past.

Even though the entire "fares plateau" is now being raised *sharply, the airlines argue* that within that structure there will still be some remarkably wide fare differentials, with many "public excursion fares" at rates up to 40 per cent cheaper than normal economy class tickets. The airlines will try to preserve these differentials, even if fares have to go up again after September, so that it should still be possible for passengers to get comparatively cheap flights—though at a dearer level than hitherto.

Revisions

Airlines are now revising some of their forward estimates of traffic growth. British Airways, for example, which earlier this year was working on the assumption that it would be carrying around 30m passengers a year by 1986 against the present 16m is now thinking in terms of reaching 30m a year closer to 1990.

Forecasts in other areas of civil aviation may also have to be rexamined in the light of the pressures arising from the fuel price increases. It is possible that some of the airport developments for the 1980s may have to be revised. This does not seem to be true for London *and the South-East of England*, however. Both British Airways and the British Airports Authority remain convinced that the pressures on existing airports at Heathrow and Gatwick will become so severe that new *terminal developments* at both of them—the fourth terminal at Heathrow and a second terminal at Gatwick—will still be necessary, with also eventually a third major airport for the area.

The BAA argues, for example, that it has already built into its passenger *forecasts* some *very* pessimistic assumptions about traffic growth, but that it still expects a rise of about 5 per cent a year through the 1980s. Thus, it still believes it will need the fourth Heathrow terminal, to *raise* that airport's capacity from 30m to 38m passengers a year, and the second terminal at Gatwick, raising its capacity from 16m to 25m passengers a year. Together with limited further use of Stansted and Luton, this will give capacity of about 65m passengers a year in the south-east airports by the mid-1980s.

But by the *late 1980s*, even with dearer fares and the possible effects on air transport of an economic recession, there will still be a shortfall of airport capacity over demand, and thus, a *third airport* will become necessary.

This will be to meet not only traffic growth that by then will have resulted in well over 60m passengers a year, but which will also *continue to rise into* the 1990s. The BAA bases its arguments on the fact that air travel growth *is not going to* come to a halt, and decline, but is likely to keep on growing *at a slower rate through to the* end of the century and beyond, because it is now an indispensable adjunct to world economic activity.

Nor is the fuel problem likely to halt the re-equipment tide now flowing through the world's airlines, although it may slow it a little and stretch it over a longer period of time. This is because the new generation of jets—the Boeing 757 and 767, the European Airbus A-300 and *A-310*, the McDonnell Douglas DC-9-80s, and the latest versions *of the 747 Jumbo jet, Lockheed* TriStar and McDonnell Douglas DC-10—will all be needed to replace existing ageing, noisy and fuel-inefficient aircraft. About 30 per cent of the 3,500 airliners expected to join the *fleets by the early 1980s will* be needed to replace existing jets, and the rest will be needed to cope with traffic growth through to the end of the century.

The introduction of these new aircraft will help the airlines a great deal in meeting their fuel *problems*. British Airways says that the new Boeing 757 will consume up to 40 per cent less *fuel per passenger* than an existing Trident Three jet, while a Boeing 737 will burn up to 25 per cent less fuel.

What worries the airlines *more than the fuel price rises is* the supply situation, which is acute in some parts of the world, such as India, the Far East and some parts of the U.S. This has already obliged some airlines to trim flight frequencies or even to cut some services entirely. Air Canada is cutting out flights between Toronto/Montreal and Shannon this winter, while *Trans World* has cut flights between New York and Ireland, and between some marginally uneconomic European points. This trend has not yet become widespread, but it could do so if fuel supplies get worse, and *many more of the world's* marginally profitable routes could be eliminated.

In the meantime, the airlines are now concentrating upon making the best possible use of every available drop of fuel, and this is resulting in some remarkable innovative thinking in the air transport industry.

British Airways, for example, *has been asked by the Department* of Trade to cut its fuel requirements by 5 per cent from this autumn.

Speed cuts

Ways of doing this include cutting airliner cruising speeds; improving the routes they fly in order to reduce distances and flying times; making more use of computer-controlled "flight management systems" aboard aircraft, which enable pilots to *fly more accurately over the* shortest distance between specific points; improving the accuracy of climb and descent procedures, and trying to avoid "stacking," which is wasteful of time and fuel.

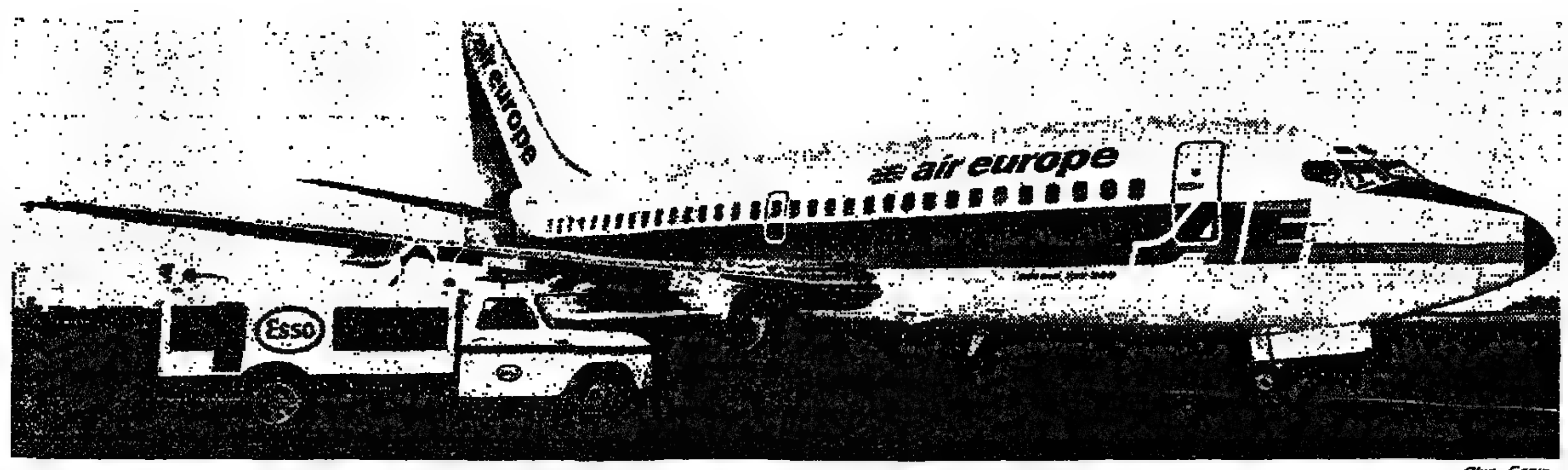
Many of these improvements, of course, cannot be achieved by the airline alone. They depend upon the goodwill and increased efficiency of others, including operators of air traffic control procedures, especially on long-haul international flights passing over many different countries. But it is thought that *if all these measures can be* used together, for British Airways alone they could result in a saving of up to 10m gallons of fuel a year. This is only about 1 per cent of its total consumption, but at prices of anything up to $1 a gallon, the cash saving is substantial.

But all these measures, vital though they may be, cannot alter the fact that in the short term some flights may have to be cut out entirely. It is possible, for example, that on the denser traffic routes, both long and *short-haul, the number of* flights per day will be reduced, thus helping to push up loads on those flights remaining. British Airways has said that as far as possible, it will try to ensure that all destinations served today will continue to get services, but the frequencies may have to change

In the longer-term, the pressures will also be on the manufacturers to produce bigger *airliners. Already Boeing is* studying a 600-seater Jumbo jet, in which British Airways is interested. This will be a much heavier aircraft than any built *hitherto, requiring engines* of greater power—up to about 60,000 lbs of thrust. But they will be even more efficient engines than those of today, with still further improvements in fuel consumption. All that is holding back Boeing—and the engine manufacturers—is the need to win enough customers to justify the costs involved *in developing the engines* and airframes.

Rolls-Royce, for example, has developments under way for the RB-211 that will improve its fuel consumption by about 5 per cent over engines already in service, and it can see further developments in the future that will give another 5 per cent *improvement*.

All these developments indicate that the airlines, and the aircraft and aero-engine manufacturers, are taking the fuel crisis seriously. They accept that it is unlikely to be of comparatively short duration, such as that of 1973-74, and that the more permanent nature of the problem will dictate more fundamental solutions. At present, like everyone else, they are feeling their way forward in an uncertain situation, but because aerospace has always been an industry *accustomed to long-term* forward planning, it is probably better placed to meet the crisis than many other industries.



Glyn Genin

Letters to the Editor

New auditing requirements

From Professor J. Shaw

Sir,—Mr. Percy (August 1), urges us to influence the Government to change the law. He summarised well the reasons which argue for change, but he came to the wrong conclusion. The review procedure he proposes for the accounts of small companies will not do because it is inconsistent with the objectives of audit.

The audit function lends credibility to the accounts submitted by directors to shareholders and thereby adds to their usefulness. A disclaimer of audit opinion, or a heavily qualified audit opinion adds neither credibility nor usefulness. Indeed, it is likely to add confusion and misunderstanding.

Confusion and misunderstanding will certainly result from the proposed review procedure. As explained by Mr. Percy, this seems to be some sort of "near audit." Near audit is no audit!

Any change in the law should not seek to substitute an unhelpful review procedure. Small companies should be allowed quite simply to opt out of the audit requirement. That would not interfere with but would emphasise the continuing responsibility of directors to prepare, or have prepared for them, accounts which show a true and fair view.

Accountants in public practice could then concentrate on assisting directors of small companies to understand and discharge these reporting responsibilities. They would have more time to assist such directors to a better understanding of modern financial techniques. They could contribute to improving the quality of managerial control decisions. Thus, the accountancy profession could help significantly in improving the quality of management, and thereby the commercial performance, of the many small companies which play an important part in our economy.

This would be a far more useful service for the accountancy profession to render to the community than the continuation of attempts to audit the unauditable, or the adoption of an inappropriate near audit as implied by the proposals for "review."

(Prof.) J. C. Shaw.
Department of Accountancy,
University of Glasgow,
67, Southpark Avenue, Glasgow.

Combined heat and power

From Professor D. Bell.

Sir,—I was disappointed to see that your review (July 27) of Energy Paper No. 35, on combined heat and power, started with a reference to "heat wasted in power generation." The heat in question is the heat rejected at the low-temperature end of the Carnot cycle: it is not "wasted in power generation" because it is an inevitable part of the process of converting heat energy into mechanical energy.

In a theoretically ideal system this rejected heat (the proper term for it) would be at ambient temperature and no one would think of it as available heat. But in practice it must be a little above ambient temperature to allow it to pass out through the heat-exchanger (condenser) at a reasonable rate—but so little above that it can be used for little other than fish farming.

As soon as one starts modifying the power cycle (using either "back-pressure" or "pass-out" turbines) in order to raise the temperature of the rejected heat, the calculation of combined efficiency becomes complicated; but it is not obvious that there is a useful overall fuel saving, certainly not *enough to cover the enormous* capital cost which incidentally must itself include a fuel element.

Careful reading of Energy Paper No. 20, shows that it is not true that combined heat and power is widely used in other countries, though it has been used in special cases in some European countries. The idea appears to be unknown in the U.S. This is not to rule out district heating, but that is not the same thing. District heating may be run from separate special-purpose boilers or better still from geothermal heat. Both are being used in Paris.

Mr. W. Wilson's letter ("Wasting time and energy," August 3) invites one particular question: does he really think there would be public acceptance of placing in a town a nuclear power station, particularly a type like the advanced gas-cooled reactor which has no track record? In fact, I think we shall need to rely on the fast breeder reactor to save uranium, and that would surely be still more difficult. Combined heat and power requires more thought, not less.

(Prof.) D. A. Bell.
87, East End,
Walkington,
Beverley, North Humberside.

Saving fuel

From Professor M. Hampshire

Sir,—With reference to Dr. Walker's letter on "Saving copper and fuel" (July 31), I would point out that a two-wire, single cable system for controlling vehicles, has been jointly developed by the University of Salford, and Ward and Goldstone. The system is in an advanced stage of engineering and has aroused much international interest. In middle- and up-market cars, multiplexed wiring systems, as they are called, can reduce the amount of copper by 75 per cent. Weight saving, however, is not so significant taking vehicles as a whole and there will not be a significant reduction in fuel use, if multiplexing is *widely* adopted.

Significant fuel savings could be achieved by using microelectronics for engine management thereby increasing the burning efficiency of fuel, and for control of automatic transmissions which, as designed at present, are very wasteful of energy. Both these areas are being actively researched at present.

(Prof.) M. J. Hampshire.
Department of Electrical Engineering,
University of Salford, Salford.

Storing energy

From Mr. P. Kelley

Sir,—I was very interested to read the article by David Fishlock (August 1) which gave me just a little more confidence that something is being done to look after the energy needs of my children and grandchildren. The article highlighted the problem of storing electrical energy, which reminded me of a report about six years ago which showed that not only was flywheel energy storage technically possible, but that it would also be economical. In all the current writings I have seen about energy I have met no reference to flywheels. Does th s mean that nobody is treating this possibility with the serious attention it deserves?

Peter H. S. Kelley.
The Garth, 27, Dean Street,
Brewood, Stafford.

Third London airport

From Mr. F. Steiner

Sir,—Mr. A. G. A. Mackay (Letters, August 2) may be right in identifying in some Essex marshes the most suitable site for London's third *airport—but must there be a* third London airport at all? Whenever I go to Germany on business, I do not simply fly to the "German international" airport but choose whatever major airport is nearest to my destination. The same applies even in tiny Switzerland where there is a choice between Zurich and Geneva, and to some extent Basle. Why, then, must over two-thirds of all air travellers to this country travel via its south-eastern corner and the majority of those, through Heathrow?

If it be objected that Heathrow is a major airport for through traffic, and for passengers not landing in the UK passing through there, one might reply that Zurich and Frankfurt, too, are entrepôt or turntable airports, yet they do not monopolise their countries' air traffic to the same extent. Perhaps the next major airport should be sited in the north Midlands rather than in Greater London, or even perhaps between the Sheffield area and the Scottish border.

F. N. M. Steiner.
36, Oakeshott Avenue, N.6.

Encouraged to save

From Mr. R. Lancaster

Sir,—While Mr. Beattie's suggestion (August 3) that tax concessions should be removed from the financial institutions is not entirely without merit, and Lex appeared to be reflecting similar sentiments that day, contrary points may legitimately be made.

The suggestion disregards what was surely the original purpose of these concessions, viz, to encourage the prevention of financial hardship consequent upon a premature death (in the case of life assurance) or upon excessive longevity (in the case of pensions). Similar reasons apply to charities, which also benefit greatly under present tax laws.

These remain arguably valid purposes, if people are to be encouraged to do other than rely on the state at times of severe misfortune. The difficulty is that, when tax concessions are introduced for one purpose, they become adroitly adapted for other purposes, e.g., the life assurance concession is now the starting-point for savings plans having more to do with short-term investment than with insurance in its true sense. Removal of the concessions, however, would lose the baby along with the bath water.

The snag with removing "... the tax bias towards saving in a particular form ..." is that it assumes that peoples' propensity to save rather than spend would remain unchanged. In an era of high inflation, long-term savers in particular need all the help they can get.

In the context of saving towards retirement — which accounts for the bulk of long-term saving—the tax bias does not, in any event, favour *channelling savings into the hands* of institutions. A pension fund may be quite properly run without any institutional involvement (unless the pension fund thereby itself becomes "an institutions"!) and many companies have found this a useful means of generating finance.

R. Lancaster.
243, Caledonian Road, N1.

A tax on sales of homes

From Councillor S. Ewing.

Sir, — I think it is most unlikely that tax relief will be abolished on building society interest in the life of this Government and there is no reason to believe that the next Labour Government will do anything to alienate its own voters.

What I think is much more *likely, bearing in mind the* tightness with which most family budgets are compiled, is that the gain on selling owner-occupied dwelling houses will be subjected to capital gains tax. I seem to recollect this was part of Mr. Callaghan's Budget in 1965, but it was withdrawn as the Bill was going through the House of Commons in the face of bitter opposition from his own back-benchers as well as, of course, *from the Tories*. Mrs. Thatcher is anxious to broaden the tax base and this is possibly now the most painless way left. The deduction of tax at source could be made by the solicitor acting in the conveyancing and passed on to the Revenue in the usual way. What the taxpayer never has, he never misses.

(Councillor) Stewart Ewing.
City Chambers, Glasgow.

Food import levies

From Mr. G. McBroom.

Sir,—In her article of August 2 Margaret Van Hatten reported the possibility of EEC tax on our farm imports from our EEC partners. There is a much more costly certainty arising from the disappearance of MCAs (monetary compensatory amounts).

From now on the UK will have to pay the full EEC import levy when buying certain basic foods from non-EEC countries. This is no small item. On a simple basic food such as lard, the import levy amounts to about £90 per tonne or about 25 per cent of the value. To the housewife, it means an extra cost of over 4p per 1lb unnecessary tax.

In fact, the excessive levy has all but eliminated the traditional UK lard trade with non-EEC suppliers. Meanwhile, our EEC farmers enjoy a £90 per tonne protection when they sell their lard to the UK.

Because the UK is the major food importer in the world, these EEC food import levies *penalise mostly the UK.*

G. McBroom,
130 Bebington Road,
Rock Ferry,
Birkenhead,
Merseyside.

Today's Events

GENERAL

UK: London clearing banks' monthly statement (mid-July).

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July).

Pilkington glass workers call 24-hour strike over pay claim.

Overseas: The Commonwealth Heads of Government Conference continues in Lusaka.

Sir Kenneth Cork, Lord Mayor of London, meets Governor of the Bank of Thailand, in Bangkok.

Dublin Horse Show opens (until August 11).

COMPANY RESULTS

Final dividends: Acorn Securities. Acrow. Asea. Bristol Evening Post. Centreway. Cooper Industries. Cowan de Groot. Hambro Trust. Smith Bros. Unitech. George Whitehouse Engineering. **Interim dividends:** Aaronson Bros. Aquis Securities. Carron Company (Holdings). Horizon Travel.

COMPANY MEETINGS

Stead and Simpson, Fosse Way, Syston, Leics, 12. Trifus, 4, Holborn Circus, E.C., 2.30. Triplex Foundries, Upper Church Lane, Tipton, W. Midlands, 12. Walker and Staff, Walker House, 6-8, Boundry Street, Shoreditch, E.C., 12.30.

CURRENT EXHIBITIONS

Doulton products, with the story of Doulton as theme, Victoria and Albert Museum (until August 13).

Summer Exhibition, Royal Academy of Arts (until August 12).

One thousand years of British Gardening, Victoria and Albert Museum (until August 26).

Holbein and the Court of Henry VIII, Queen's Gallery Buckingham Palace (until September 30).

150 years of the Metropolitan Police, Museum of London (September 30).

LUNCH-TIME MUSIC, LONDON

Recital of French organ music, Margaret Phillips, St. Lawrence Jewry, next Guildhall, 1.00 pm.

Forty-eight Preludes and Fugues by Bach, Harold Dexter, St. Botolph Aldgate, 1.00 pm.

Ellis & Everard tops £1m: liquidity improves

PROFITS EXCEEDING £1m and a total dividend raised from 5p to 5.75p are announced by Ellis and Everard, distributor of industrial chemicals, for the year ended April 30, 1979.

The pre-tax profit of £1.05m compares with £969,000 for the previous year which included results of the building supplies division sold in August 1978. This year's profit includes no contribution from that division and are almost entirely attributable to chemical merchanting operations.

The directors say the year's profit is below expectations at the time of their interim report—mid-way profits were £546,000 against £622,000. After a good start, the second part of the year was affected by industrial disputes and severe weather conditions.

Earnings per 25p share, before tax, are shown as 15.8p against 10.5p and 13.9p (5.2p) net. The final dividend is lifted from 3p to 3.5p.

Turnover for the year amounts to £22.1m. Last year's £42m included a contribution from building supplies of £23.9m.

Attributable profit, after a much lower tax charge and an extraordinary surplus is 211 per cent higher at £1.08m against £348,000.

The directors say the building supplies division sale was one of three transactions last year which made a significant difference to the group. The others were the sale by Unilever of 29 per cent of its holding to ICI and the repurchase by Ellis and Everard of ICI's minority holding in Ellis and Everard (Chemicals).

The result of these transactions has been to improve liquidity and to increase earnings attributable to shareholders, the Board states.

	1978-79 £000	1977-78 £000
Turnover	22,100	42,000
Interest charges	199	323
Profit before tax	*1,051	†969
Tax	127	490
Net profit	924	479
Minorities	—	[illegible]
Extraordinary item	158	—
Attributable	1,082	348
Ordinary dividends	383	330

* Includes £24,000 from other activities. † Includes £75,000 from building supplies.

HIGHLIGHTS

Surging oil prices burst through into July wholesale prices and Lex looks at the latest inflationary trends, which come against a background of buoyant retail sales and HP credit advances during June. Elsewhere Lex looks at the big stock gains currently being seen in the oil sector in the light of the recent U.S. quarterly figures ahead of the Shell and BP results which are due soon. Finally on a day when sterling weakened, the impact of the Chicago futures market on the sterling foreign exchange market is examined.

● comment

Having sold the troublesome building supplies side of the business, Ellis and Everard can now start focussing most of its attentions on the chemicals division. The chemicals sector has not been a strong performer lately but Ellis has an edge over other companies by concentrating on small lot orders. In the past year trading was made more difficult by the effects of the lorry drivers' strike, the adverse winter weather and some shortages of naptha—and phosphate-based chemicals. Group profits were just over eight per cent higher—much in line with market expectations. The outcome was helped by a drop in interest charges, made possible by the first tranche payment from Travis and Arnold for the building interests, which helped cut borrowings from £1.6m to nearly £0.2m. For the immediate future the uncertainties of the economy make the outlook uncertain, especially if raw material and transportation costs continue on an upward spiral. At 92p the shares stand on a p/e of 6.4 while the yield is 9.3 per cent.

Ward & Goldstone profits cut back in second half

NATIONAL industrial disruption cut back second half profits of Ward and Goldstone from £2.1m to £1.6m leaving the taxable surplus for the year ended March 31, 1979, down from £3.34m to £3m. Turnover finished the period ahead from £62.55m against £59.9m.

The directors state that sales for the first quarter of the current year are 12.8 per cent higher than the corresponding period last year.

Pre-tax figure was struck after depreciation £1.48m (£1.61m), and bank interest £741,567 (£507,369).

Tax charge for the year was much lower at £22,005 compared with a previous £1.55m giving earnings of 19.69p (15.69p) per 25p share—there was a prior year adjustment credit of £1.7m (nil).

Total dividend for the year is stepped up to 4.9916p net with a final payment of 4.0916p—last year's total was 4.5378p.

Ward manufactures insulated wires and cables, electrical and plastic accessories.

Capital expenditure during the year amounted to a record £3.64m against £2.77m in the previous year.

● comment

This is the second year of turnover growth coupled with lower profits from Ward and Goldstone. Pre-tax profits are down by 10 per cent and there is no immediate salvation in sight. Analysts agree that industrial disputes in the second half contributed heavily to the group's poor performance. The Ford strike (Ford is a major customer for automobile wiring), transport strike and the group's own labour problems combined with a declining export market to damage earnings. Exports dropped by 23 per cent over last year. Although first quarter sales are 12 per cent higher than the same period ended last June, margins are down and the company may not achieve higher earnings simply on increased turnover. It has embarked upon a programme of factory purchases (two factories costing £3.6m), which could pay off in the near future, but a fire near one of the new factories has slowed its progress. The total dividend is up 10 per cent, yielding 7.9 per cent at yesterday's share price of 94p. This is covered 1.9 times on fully taxed earnings, with the p/e at 9.5 on the same basis. Ward and Goldstone is certainly looking to its higher sales volume and factory purchases to improve its performance next year, but in the current market it is not the most attractive share to hold.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anglo-Am. Asphalt	1.07	Sept. 25	1.62	2.13	2.69
Country and District	1.27	Sept. 24	0.44	1.76	0.88
Ellis and Everard	3.5	Oct. 5	3	5.75	5
Howard Shuttering	1	Oct. 9	0.5*	1.54	0.99*
Owen and Robinson	10	Oct. 5	10	16	16
Ward and Goldstone	4.09	—	3.67	4.99	4.54

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

County and District progress

AFTER tax, the amount available for distribution by County and District Properties for the year to March 31, 1979 advanced from £526,412 to £635,238. Turnover for the period amounted to £1.25m compared with £1.37m.

Tax took £78,506 against £54,383 and earnings per 10p share moved ahead from 5.26p to 6.35p. The final dividend is 1.26918p for a 1.7556p (0.8878p) total, and a one-for-two scrip issue is proposed.

Following a revaluation of group properties the net asset value per share at March 31 was 217.1p (142.6p).

The directors state that borrowings only amount to 13.1 per cent of gross assets, and substantial unused lines of finance are available for future requirements. Work on major developments will be commencing during the current year.

Symonds Engg. turnover ahead so far

Mr. G. A. Rowley, chairman of Symonds Engineering Company, feels it would be imprudent to forecast results early in the current year, with due regard to all the uncertainties in the national economy that lie ahead.

The order book is good, however, and turnover for the first four months of 1979-80 is showing an increase on the corresponding period last time.

As reported on July 27 taxable profits for the year ended March 31, 1979, rose from £192,495 to £221,492 and the net dividend is stepped up to 1.55p (1.3454p) per 5p share.

At balance date fixed assets stood at £442,046 (£416,466). Net current assets were £640,265 (£587,258).

Meeting, Great Eastern Hotel, EC, August 30 at 11.30 am.

£0.41m for Howard Shuttering

Pre-tax profits of Howard Shuttering (Holdings) rose from £325,273 to £409,969 in the year to April 30, 1979, on turnover of £3.22m, against £3.38m.

At the halfway stage, the surplus was ahead from £114,012 to £218,956.

After tax for the year of £213,052 (£147,391), earnings per 10p share are given as 4p (3.5p). The net total dividend is raised from an adjusted 0.99p to 1.54p, with a 1p final.

Mr. J. O. Hambro, chairman of Hambro Trust, who is due to announce today the group's preliminary figures

A. American Asphalt runs into loss

THE DIRECTORS of Anglo American Asphalt Company announce a pre-tax loss and a cut in the dividend for the year ended March 31, 1979.

Despite associates' profits for the period of £126,985 against £191,006 the group finished with a loss of £76,913 compared with a £255,359 profit previously.

The dividend is cut from 2.685p to 2.13p, with a final payment reduced from 1.62p to 1.065p net per 25p share.

Profit had slumped at the halfway stage from £254,000 to £3,000, but the directors were confident of a return to profitability in the near future.

They state now that the adverse market conditions for pipeline coating systems prevailed throughout the year and demand for products was poor.

However, the outlook is encouraging and in the first quarter of the current year there has been a marked improvement in trading conditions. There is a clear indication that major pipeline projects are moving ahead, the Board states.

Turnover for the period declined from £2.98m to £2.12m.

NORWICH UNION ANNUITIES UP

The Norwich Union Insurance Group has just finished a complete reassessment of its immediate annuity rates which has resulted in these being increased by some £8 per £1,000 investment.

Therefore, an outlay of £10,000 will now secure an immediate annuity of £1,619 a year for a man aged 65 or £1,397 for a woman aged 60, the payments being made half-yearly. Under the old rates, the amounts would have been £1,538.60 and £1,314.

The annuity rates of the group are highly competitive after this revision.

Advance by London & Lomond

For the first half of 1979 gross revenue of London and Lomond Investment Trust expanded from £624,110 to £663,849. After expenses and tax of £171,049 against £155,792, the available balance improved from £284,718 to £316,694.

Earnings per 25p stock unit rose from 1.51p to 1.69p and the, as already announced, net interim dividend is stepped up from 1p to 1.4p at a cost of £264,600 (£189,000). Last year's total payment was 2.8 per cent.

The net asset value per stock unit at June 30 was 107p (104p). A further multi-currency loan of U.S.$2m was negotiated in June, 1979, for a period of five years, drawn down initially for a period of one year.

P. Brotherhood confident of restoring profit levels

THE DIRECTORS of Peter Brotherhood, machinery and power plant maker, are confident they can take steps to restore an appropriate level of profitability.

The experience of the past six months is too short a period on which to base any predictions, but the directors say the company will continue to take advantage of any opportunities.

The order book has been much stronger in the first six months of 1979 than in the last four months of 1978, which they say turned out to be a bad period.

As a result of their confidence, the directors recommended a final dividend of 4.6063p net for the year to March 31, 1979. This meant they had to make substantial inroads into the retained surplus.

In both 1975-76 and 1976-77, pre-tax profits were over the £1.5m mark, but slid to £764,000 the following year.

For the 12-month period just finished, the surplus dived to negligible levels at £12,079. A tax credit of £53,341 pushed the net profit up to £65,420.

Stroud Riley to hold market position

In his annual statement Mr. J. A. Selka, chairman of Stroud Riley Drummond, worsted suiting and knitted fabrics manufacturers, says that trading conditions get no easier and margins are continually under pressure.

The strong pound favours a growing volume of imports and makes it more difficult to export. However, he is confident the company will obtain its share of the market.

As reported on July 18, pre-tax profits for the year to March 31, 1979, fell from £480,000 to £406,000. The total dividend is held at 1.5p with a final payment of 1p net.

Since the year-end the spinning department at Drummond and Sons has been closed. Its function had been to serve the weaving department, but the latter has not suffered in any way by the closure.

Meeting, Bradford, on September 7 at noon.

MAPPIN & WEBB

Mappin and Webb, a subsidiary of Sears Holdings, has taken a further step in its overseas expansion by acquiring the business of Rene Kern in Dusseldorf.

Rene Kern, a master goldsmith and one of the foremost jewellers in Western Germany, is retiring due to ill-health.

Herr Reinhold Lehmkoester will succeed him

Size of Hill Samuel Agricultural doubled

The Hill Samuel Agricultural Property Unit Trust virtually doubled in size from £12.6m to £22.95m over the year to March 31, 1979 according to the latest report. The unit price advanced 21 per cent over the year and the value of the distribution increased 27 per cent from £60.15 to £76.47 per unit.

During the year, the trust concentrated on increasing the number of let farms in the portfolio. It bought a number of farms during the period bringing the total let land to 9,845 acres with another 6,749 acres held in possession. The fund still expects that the majority of its holdings will be in the eastern and East Midland regions, but it is now investing countrywide.

The investment managers point out that since the first farm was bought in July 1976, the fund has spent more than £1m on improvements to the farms and surroundings. A substantial part of the expenditure is on land drainage for soil improvement and flexibility of working, leading to higher crop yields.

The fund changed its name during the year from Mutual Agricultural Property Fund. Its aim to provide pension funds with a vehicle for investing in agricultural land. The farm portfolio at the year end was valued at £18.39m—spread 41 per cent in eastern England, 55 per cent in the East Midlands, 3 per cent in the South West, and the remainder in Scotland.

OIL AND GAS NEWS

BP-Woodside Petroleum North West Shelf deal

BY JAMES FORTH IN SYDNEY

BRITISH PETROLEUM has entered into an agreement which will increase its interest in oil exploration areas on the North-West Shelf of Australia. BP will farm-in on two areas held by Woodside Petroleum, a member of the consortium which has already made major discoveries of natural gas on the shelf.

The agreement provides for BP, another member of the shelf consortium, to take over 100 per cent of Woodside's drilling costs of two wells in Permits WA37P and NTP5 in the outer Browse Basin. The wells may cost in the region of A$10m (£5m) each and are part of a new deep water programme in the area.

Under the deal, BP will obtain 50 per cent of Woodside's interest in the two permits which will lift BP's own interest from 16.66 per cent to 41.66 per cent.

It is planned to drill a well, Buffoon No. 1 in WA37P, and Mount Asmore No. 1 in NTP5. Water depths will be between 500 metres and 1,000 metres. One previous hole was drilled in each of the two permits without success.

However, several years ago a large natural gas discovery was made at Scott Reef, which is a little south of the two farm-out permits. Because of the water depths and distance from shore a major discovery would be needed to justify commercial development.

Elf-Gabon, a subsidiary of France's Elf-Aquitaine, plans to begin production at a moderate rate at its GMB well, off the Gabonese coast, during the second quarter of 1980.

Production at the GMB well, on the Iguela-Mayoumba permit, 60 kilometres south-east of the town of Mayoumba, will be the first step in trying to assess the oil discovery first reported last January.

Additionally, Elf-Gabon will continue work aimed at assessing oil discovered at wells GMA and GMF which is expected to last through 1980.

Elf-Gabon, the operator, has an 84 per cent stake in the GMB well, and Hispanoil the remaining 16 per cent. In wells GMA and GMF Elf-Gabon has a 75 per cent holding, Shell-Gabon has 15 per cent and Hispanoil 10 per cent.

MINING NEWS

S. African mine costs are rising again

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH South African gold mining costs were held in check during the June quarter, Mr. Harry Oppenheimer, the chairman of Anglo American Corporation warns in his annual statement that the Republic's mining industry will probably be faced with inflation rates above 15 per cent this year compared with 13.7 per cent in 1978.

By themselves, higher oil prices do not greatly affect the underground gold mines—it is a different matter with the big open-pit base-metal operations which employ fleets of heavy earth moving vehicles—but Mr. Oppenheimer points out that the worsening oil crisis must have an inflationary effect on the South African economy generally.

Furthermore, as the Mining Journal's latest Quarterly Review of South African gold shares mentions, the full impact of recent wages increases for both white and black mine-workers will be felt in the current quarter.

Looking at the quieter market for diamonds, Mr. Oppenheimer says that demand for all grades of rough diamonds continued at a high level until recently and remains strong for the larger and better qualities. "The trade in polished stones, however, is much quieter and a return to the boom conditions of 1978 is not expected."

But, "the current year is likely to be "a satisfactory one for De Beers." Good progress is being made by the group's expansion programme which should raise diamond production to about 19m carats by 1983 from 12m carats last year. The major development in this programme is the Jwaneng mine in Botswana which is due to reach production in 1982.

On coal, Mr. Oppenheimer points out that South Africa's exports last year rose 21 per cent to 15.4m tonnes (out of total sales of 90.3m tonnes) and earned R325m (£171m) in foreign exchange. The Richards Bay export terminal handled 13.5m tonnes last year and its annual capacity has now been rised from 12m tonnes to 20m tonnes.

As already reported, the terminal can operate at well above the latter capacity and it is to deal with 24m tonnes. When completed, phase III of the expansion will further raise the terminal's capacity to 44m tonnes for which the Government has given export permission in principle.

Unlike some outside observers, Mr. Oppenheimer sees no hope of solving South Africa's social and economic problems without realising the country's "undoubted potential for rapid growth." Again, he stresses the need for black advancement.

A scheme financed by Anglo American and De Beers, "ambitious in concept and likely to be difficult of execution," is being undertaken to recruit, edcate, train and develop black matriculants who will form a pool of potential managers in the financial and engineering fields.

"We are looking forward to employing blacks for careers in the significant decision-making areas of our business. We are determined to give meaning to the concept of equal employment opportunity, and in so doing make our own small contribution to the development of a just society in South Africa."

Eldorado's new refinery

Canada's Crown - owned Eldorado Nuclear says that a review of its proposal to construct a C$100m (£37.5m) uranium hexafluoride refinery in Corman Park, 23 km northeast of Saskatoon, will be carried out under the environmental assessment and review process, administered by the Federal Environmental Assessment Review Office.

If approved, the refinery could ultimately process 9,000 tonnes of uranium oxide (yellowcake) from Saskatchewan to produce uranium hexafluoride (UF6). This product would be exported and, once enriched and converted to uranium dioxide, would be used in out-of-Canada electricity-generating reactors.

This refinery would be similar to the new plant to be constructed by Eldorado near Port Hope, Ontario, which is due to reach production in 1982.

ROUND-UP

Noranda's Brunswick Mining and Smelting is another Canadian base-metal mining major to report first-half profits surpassing those for all 1978. First-half earnings are C$32.1m (£12m), or 94 cents per share, compared with C$25.6m, or 75 cents, for all 1978.

* * *

Kennecott Copper plans a $25m (£11m) expansion of its Ozark Lead mining operations at Sheerwater, Missouri. The mine's annual lead production will be increased to about 96,000 tons from 68,000 tons.

* * *

East Malartic Mines has given the Quebec Government the required three-month notice of intention to terminate gold mining at Malartic. Closure is expected in October. The company, a member of the Little Long Lac group, says the decision was necessitated by continuing deterioration of ground conditions and a decline inore reserves at the main East Maraltic mine and the negihbouring Barnat operation. It is hoped that, "in time,55 the mill and surface facilitites will be used to process gold ore from other mines in the north-west region of Quebec.

MINING BRIEFS

GEEVOR TIN—July output: 8,678 tonnes ore treated produced 90 tonnes Black tin (65 per cent Sn), including 7 tonnes low grade concentrates.

KILLINGHALL TIN—July output of tin concentrates 53½ tonnes (June 65 tonnes).

PAHANG CONSOLIDATED—Output of lode tin concentrates produced and sold for July 122 tonnes (June 107 tonnes).

SAINT PIRAN—July production of tin concentrates: UK (tonnes treated 6,872) 75 tonnes (70 per cent tin metal): Malaysia 13 tonnes: Thailand 108 tonnes. June outputs 145, 14 and 90 tonnes respectively. UK production (South Crofty) was affected by industrial action during the month.

Marshalls (Halifax) starts well

THE current year has started well at Marshalls (Halifax) and management accounts to the end of June suggest profits appreciably ahead of last time, Mr. D. R. Marshall, chairman, says in his annual statement.

"I see no reason to dampen my confidence and general optimism in the future of the group," he adds.

As reported on June 26, taxable profits of the Yorkshire-based concrete products, rock drilling and handling equipment group rose 23 per cent to £2.67m in the year to March 31, 1979, on turnover 19 per cent higher at £27.02m.

The chairman says group policy remains one of expansion by internal growth and acquisition as appropriate. During the year capital expenditure reached nearly £2.3m, although borrowings were reduced.

"This, together with a general strengthening of the balance sheet, augurs well for our *future plans,*" he adds.

Future capital expenditure is shown at £3.15m (£1.35m), comprising £2.31m (£0.49m) contracted for, and £837,000 (£863,000) authorised but not contracted for.

Group fixed assets were up from £7.69m to £8.73m, while net current assets were higher at £5.94m (£4.99m). Bank overdrafts decreased by £207,000 compared with a £566,000 increase last time.

Meeting, Halifax, September 3 at 2.30 pm.

Renwick starts current year reasonably well

A *REASONABLE start has* been made to the current year and it will be most disappointing if there is not once again a meaningful improvement in trading and financial performance, Mr. Clifford Wilton, chairman of the Renwick Group, tells shareholders in his annual statement.

But he warns that the posible impact of duel problems and the effect of increasing inflation on all activities of the group must give cause for concern.

Mr. Wilton says the year to March 31, 1979, showed a further substantial advance towards recovery. On turnover increased from £45.61m to £55.42m pre-tax profit rose from £1.04m to £1.57m. The total dividend went up from 1p to 3p a share.

Net current liabilities were virtually eliminated by March 31, 1979, and net borrowings represented less than 60 per *cent of shareholders' funds.*

Mr. Wilton says that, in consequence, the group is in a much better position to look constructively into the future instead of defensively at the current position, as has been necessary during recent years.

Following the appointment of a new chief executive for the freight division, there are already encouraging signs in that the division was trading at a break-even situation by the end of June and is now moving *into a moderate profit,* Mr. Wilton says.

"Subject to nothing untoward occurring outside our control, the improvement is expected to continue throughout 1980-81 and thereafter we hope to be obtaining a satisfactory return on capital employed."

In the motor division, the first three months of the current year had benefited from some exceptional circumstances —mainly the increase in VAT which encouraged many buyers to anticipate their new registration year purchases, Mr. Wilton says.

Despite this, uncertainties of the *international fuel situation* and other economic factors lead to a cautious view of the period ahead.

For the travel division, Mr. Wilton says that in spite of the considerable doubts expressed on the prospects for all travel offices at the beginning of the trading year, this division has *made excellent progress.*

Advance bookings for the current year are encouraging with particularly heavy demand for holidays in the U.S. However, disruption in Spanish hotels and French air traffic control are already being repeated, the chairman warns.

Meeting, Paignton, Devon,

CONTROL SECS.

Control Securities' rights issue of 1,228,213 shares has been taken up to the extent of 1,176,608 shares, or 95.8 per cent.

Confidence at Stock Conversion

The directors of the Stock Conversion and Investment Trust view the current year with cautious optimism, and the group should have another successful year.

In their annual statement, the directors say the search continues for additional properties which can be developed or modernised alone or in partnership.

As reported on July 26, taxable revenue rose from £5.36m to £8.65m in the year to March 31, 1979. The net total dividend is lifted to 3.965p (2.01175p) with a 2.625p final.

Additional development costs *and acquisitions during the year* amounted to £1.41m, the directors say. However, certain properties having a book value of £2.48m were transferred from properties held by investment companies to properties held by the finance subsidiary.

At balance date, bank loan and overdrafts stood at £4.11m, compared with £1.47m. The increase in bank balances and short-term funds is given as £3.71m (£0.39m).

Meeting, Café Royal, W, on September 3, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Aaronson Bros., Aquis Securities, Carron, Horizon Travel, George Whitehouse (Engineering).

Finals—Acorn Securities, Acrow, Bristol Evening Post, Centreway, Cooper Industries, Cowan de Groot, FMC, Hambro Trust, Smith Bros., Unitech, Wagon Industrial.

FUTURE DATES

Interims—	
Evode	Aug. 15
Hallam, Sleigh and Cheston	Aug. 17
Olives Paper Mill	Aug. 13
Rea Brothers	Aug. 13
Relyon PBWS	Aug. 9
Turner (W. and E.)	Aug. 15
Finals—	
Ewart New Northern	Aug. 17
Leigh Mills	Aug. 24
London and Liverpool Trust	Aug. 9
Macallan-Glenlivet	Sept. 27
Malaysia Rubber	Aug. 16
Pifco	Aug. 17
Property Security Inv. Trust	Aug. 10

UGI chief optimistic

The current year has started reasonably well at United Gas Industries and Mr. H. T. Nicholson says in his annual statement that he is as optimistic now as he was at the same time last year, since when results have proved his optimism to be justified.

For the year to April 1, 1979, as reported on July 13, taxable profits advanced from £2.04m to £2.52m.

A statement of source and application and funds shows a net cash inflow of £1.28m compared with an outflow of £0.56m.

Downing continues with heavy expenditure plans

WITH A continuing capital expenditure programme, G. H. Downing and Co. has agreed spending of £1.25m in the current year, a large proportion of which will be spent in the first half. Mr. D. S. Hartley, chairman, says in his annual statement.

With the new plant at Chesterton, output of facing bricks in a full year will be some 40 per cent higher than last time, he adds. During 1978-79, some £2.3m was invested in new plant, mainly at Chesterton.

The Keele tile works has been undergoing major alterations during the past six months. This will result in a production increase of about 33 per cent in September.

Building activity has been slow to pick up after the bad winter, the chairman says. Current interest rates are not conducive to a high rate of private building, which is needed to offset public spending cutbacks.

The recommissioning of the original kiln at Chesterton was delayed because of the rapid rise in brick stocks. The new kiln is working well and producing its designed output. Both kilns are now in production and stocks are being rapidly reduced.

"We are confident of selling our output of both bricks and tiles," the chairman says.

The directors expect to have finalised by December the conversion of three of the main units to colliery methane as the prime fuel.

On the refactories side, the chairman says the group is striving to achieve new export markets with some success. But competition at home and abroad is severe.

In Holland, demand for bricks so far this year has been much slower developing than expected. Large stocks were accumulated during the winter and are only slowly being reduced. Some improvement is anticipated in the second half.

As reported on July 12, taxable profits reached £1.93m (£1.72m) in the year to March 31, 1979, on turnover of £14.24m (£12.74m).

At balance date, group fixed assets were up from £8.93m to £11.17m, while net current assets were £1.74m (£1.8m). Bank overdraft was cut from £1.04m to £7,000.

Meeting, Stoke-on-Trent, August 29, at 12.15 pm.

Good first half for Natl. Employers

A good first half for new life, pensions and permanent health new business is reported by the National Employers Life Group of companies. New annual premiums advanced by nearly 30 per cent to £5.3m, while single premiums were over 40 per cent up at £1.6m.

On annual premiums business the group's main marketing areas—self-employed pensions, executive pensions and group permanent health insurance—again showed strong growth. But the companies experienced heavier than usual sales of ordinary life business, although this still remains a minor sector of new business.

The growth in single premium business arose from higher sales of immediate annuities, the company having maintained competitive rate structure in this sector. Single premium self-employed pension business remained buoyant.

£49,300 for Owen and Robinson

Taxable profits of Owen and Robinson, jeweller and silversmith, slipped from £59,376 to £49,303 in the year to May 31, 1979, on marginally higher turnover of £1.13m, against £1.07m.

At the midway stage, the surplus was little changed at £12,020, compared with £11,486.

After sharply lower tax for the year of £4,336 (£29,771), net profit came through well ahead at £44,967, against £29,605. Earnings per £1 share are shown to have risen from 40.19p to 62.14p. The net total dividend is held at 16p with a 10p final.

BTR has 20% of Bestobell

In the wake of its increased £29m bid, BTR has now picked up enough Bestobell shares to give it a holding of over 20 per cent.

Hill Samuel, advisers to BTR, announced a 1m share purchase yesterday at 220p—equivalent to the cash value of BTR's new share or cash offer—and bought a further 700,000 or so later in the day.

Acceptances have also been coming in steadily in response to the improved BTR terms. Last Thursday, BTR had just over 7 per cent of the equity of Bestobell, which has since rejected the new bid as vehemently as it did the first.

Bestobell, which has forecast a 30 per cent profits rise and a higher dividend this year, is publishing its detailed reply later this week, along with first-half figures brought forward from the usual September date.

Bestobell's shares closed unchanged at 220p yesterday, while BTR put on 9p to reach 309p. At this level, BTR's new offer of 11 of its own shares for 15 of Bestobell's is worth nearly 227p a share.

REDMAN/WELLMAN

Redman Heenan's offer for Wellman Engineering has been accepted in respect of 187,618 shares (1.67 per cent).

Prior to the announcement of the offer Redman Heenan held 2,035,000 shares in Wellman: it has acquired a further 215,000 during the offer period making its holding 2.25m (19.97 per cent).

Hambros Bank has purchased 50,000 shares of Wellman and intends to assent these to the offer.

REVERTEX/WARDLE TRANSACTION

Bernard Wardle and Co. has agreed to buy part of the plant and the stocks of the acoustic products division from Revertex Chemicals for about £250,000 subject to actual stock levels. Wardle will also take over the leasing agreement for the remainder of the plant.

Revertex will retain the Rushden factory until production is transferred to Wardle's existing factories. Then Revertex will close it: this will mean some redundancies about which the trades unions have been informed.

By the acquisition Wardle will expand its capacity for manufacturing noise control products currently produced at its Blackburn factory and broaden the base of its insulation and sound deadening range.

Revertex says the transaction, with the disposal of other fixed assets in the acoustic products division in the books at £1m, will more than cover the costs of ceasing these operations.

DAWNAY DAY COMPLETES

Dawnay Day Group has completed the acquisition of Melbourne Hart and an associated non trading company—Morris and Morris—for £1m cash.

Combined net assets of the companies at December 31, 1978 were £1.34m profit before tax for 1978 was some £214,000 including those of certain activities, not affecting the figures significantly that have been discontinued in 1979.

While results are likely to be affected over the next 12 months because of supply restriction stemming from the severe shortfall in last season's Havana tobacco crop, Dawnay Day is confident as to the longer term future of Melbourne Hart.

JOSEPH CAUSTON COMPLETES

Sir Joseph Causton and Sons has completed the sale of its freehold premises at Winnall Trading Estate, Winchester to Leigh Developments for £500,000 cash before expenses.

The premises were formerly occupied by Carlton Repro International. Its activities have been relocated in Causton's Eastleigh factory, and significant operating advantages and economies are expected from the move.

Book value of the premises is £546,000. There will be an appropriate write down in the year end accounts, partly offset by a write-back of the excess provision for capital gains tax made in the accounts for the year 1977/78.

SHIPPAMS

C. Shippam, UK producer of meat and fish spreadables, has negotiated on behalf of the William Underwood Company the acquisition of Harry Peck and Co. (Aust.) Pty., Sydney, and its 88.18 per cent owned subsidiary, Lakes Entrance Processors Pty.

Peck is the leading manufacturer of meat and fish spreadables in Australia, with a market share of over 50 per cent; and the company also has a substantial canned meat business.

LADBROKE

Ladbroke Group has bought Twelve Knights Hotel, including repayment of directors' loans, for £375,000 cash.

The Twelve Knights is a privately owned freehold property in Port Talbot, South Wales and operates a substantial pub, restaurant, function and conference trade.

The hotel is planned to have 40 rooms of which 11 have already been completed.

UNICORN BUYS

Through a subsidiary, Unicorn Industries has acquired the capital of the Belgian Tool Company, SA, whose business is the manufacture and sale of diamond saws.

Shareholders' funds at December 31, 1978, amounted to BFr 48,942,000 (approximately £720,000). The company has a subsidiary in Milan and associates in Bristol, Oslo and Madrid.

Belgian Tool will form part of the diamond products division of Unicorn.

JAMES GRANT

James Grant and Company (East) house furnishing retailer, has agreed conditionally to purchase nine shops trading as Carrick.

The new branches will be in Glasgow, Ayr, Kilmarnock, Paisley, Greenock, Hamilton, Wishaw, Airdrie and Dundee.

F. S. RATCLIFFE

West Bromwich Spring Company has added to its holding in F. S. Ratcliffe Industries, and now owns 82,500 of the ordinary shares. This represents about 10 per cent of the capital of the Rochdale-based precision spring manufacturer and painting contractor.

BIDS AND DEALS

Evode chairman resigns after takeover block

BY JAMES BARTHOLOMEW

Mr. Peter Wright, chairman of Evode Holdings, the adhesives manufacturer, has resigned following an announcement by the controlling family interests that they are "unwilling to dispose of their holdings in response to any offer in present circumstances."

In the light of this declaration, talks with potential bidders, which numbers more than 10, have been terminated. The talks had not been going well anyway, despite the number of applicants. Only one was left in the field last week and the chance of a firm offer was considered only 50-50.

Evode's shares slumped 11p to 40p yesterday after their return from a one month suspension. The Stock Exchange confirmed that it is continuing the preliminary inquiry into dealings in the shares.

They jumped 10p to 51p on July 2 before being suspended. The company said yesterday that it welcomed the inquiry.

The Stock Exchange makes about 40 or 50 of these inquiries a year and they are a stage more serious than the 2,000-odd notings of price movements made by the exchange.

Mr. Wright has resigned because he considered the company should have been taken over. He was effectively blocked by the family which, owning over 50 per cent of the shares, could veto the idea. Mr. Hermann Simon, the founder of Evode, well known for its "Evostick" adhesive, died last year.

It is still not clear why Mr. Wright entered into negotiations to sell the company while the family was against the idea. Although the family only expressed its unwillingness to sel formally last week, its attitude always appeared hostile to a takeover in principle. The family appointed Charterhouse Japhet as its adviser, quite separate from the company's adviser, S. G. Warburg. It rejected a proposed bid of 61p per share on July 6.

The company said Mr. Wright's resignation had been accepted "with regret" and that there was absolutely no question of him having been given the sack. Mr. Wright was formerly chairman and managing director of Perkins Engines.

Mr. Andrew Simon, the vice-chairman and chief executive of Evode, will act as temporary chairman until a replacement is found.

SHARE STAKES

Lee Cooper Group—M. A. Cooper, director, has disposed of 23,925 shares.

London and Holyrood Trust—Standard Life Assurance Company has bought 50,000 shares, making holding 2,387,000 shares (11 per cent).

Crosby House Group—Jazerite Holdings, as a result of a purchase by its subsidiary—Rightwise—of £5,040 10 per cent Convertible Unsecured loan stock 1987-90, is now interested in 7,750 ordinary shares and £97,978 stock 1987-90.

Breedon and Cloud Hill Lime Works — Ferguson Industrial Holdings has acquired 20,000 shares, making holding 424,300 shares (10.48 per cent).

Second City Properties—G. L. Joberns has sold 75,100 shares.

Norcros—F. J. Briggs, director, has disposed of 30,000 shares at 91p leaving holding 70,886.

Brownlee and Co.—Mr. P. A. Barns-Graham, Mr. J. F. McLelland and Mr. A. M. Nicol, directors, acting as trustees, have sold 90,000 shares.

S. Leboff (Fobel)—Hambar Finance, a company in which A. Leboff, director, has an interest, has bought 25,000 shares. A. J. Leboff, director, has acquired 10,000 shares.

Expanded Metal — National Coal Board Superannuation and Pension Schemes have acquired 250,000 shares making holding 1.26m (5.81 per cent).

Tea Corporation to change structure

The directors of Tea Corporation announce the proposed acquisition of Free-Stay (In Britain) Club which will, if completed, substantially alter the nature of Tea Corporation and its business will effectively become that of Tom Hill Holidays.

The consideration will be £300,000 to be satisfied by the issue of 2.5m new ordinary 12p shares of Tea Corporation and upon completion of the agreement, an unconditional offer of 12p cash for each of the existing Tea Corporation 25p stock units will be made.

The Stock Exchange has withdrawn the facility to deal in Tea Corporation stock on the unlisted securities market but will review restoring this facility after the publication of the TC accounts for 1979 which will incorporate the results of Tom Hill Holidays for its first full period of trading.

SANDERSON KAYSER

GEI International has agreed terms of an offer for the Sanderson Kayser preference shares, the price being 75p cash.

Agreed terms for the ordinary have already been announced.

SHILOH SPINNERS

Era Ring Mill has disposed of 227,077 shares and Lares has acquired 227,077 shares (8.1 per cent).

IMI

ISTITUTO MOBILIARE ITALIANO

Annual Meeting of Shareholders—July 24, 1979

The Annual Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI), presided over by Mr. Giorgio Cappon, was held in Rome on July 24, 1979 for approval of the Balance Sheet and of the Statement of Expenditures and Income for the forty-seventh financial year.

The Board of Directors' Report, presented by Mr. Cappon, observed that Italy is passing through a period of weak growth of investment in monetary terms and of negative growth in real terms, while the legislation envisaging incentives for investment is still far from fully operative. In these circumstances the volume of loan transactions finalised by IMI was smaller than in the preceding financial year although, in terms of loans outstanding, the Institute's share of the industrial credit market recorded an increase.

In summary, during the financial year under review, loan applications were received for a total of 4,646 billion lire (+6 per cent compared with the preceding financial year). At 2,320 billion lire, loan transactions finalised registered a decrease of 12 per cent: the new loan operations were financed as to 94.2 per cent with IMI's own funds, 5.2 per cent with ECSC funds and 0.6 per cent from funds managed by the Institute on behalf of the State and funds provided by Law No. 184.

As at March 31, 1979 loans outstanding amounted to 12,831 billion lire (+7.5 per cent), of which 11,169 billion financed with IMI funds and the balance with Treasury funds (including operations pursuant to Law No. 184) and with ECSC funds. The total breaks down as follows: investment loans 9,644 billion lire (+8.5 per cent); export-credit financing 2,501 billion (+7.5 per cent); financial credits to foreign countries 18 billion (−25.5 per cent); loans to non-residents 168 billion (−21.0 per cent).

Export financing, provided in the form of suppliers' credit and buyers' credit, recorded a notable increase from 691 billion to 786 billion lire, representing 34 per cent of total financing granted. A feature of the Institute's operations during the past financial year was the procurement of funds for financing construction of the Algeria-Italy gas pipeline. Together with other medium-term credit institutions, IMI is participating in the provision of loans to Vneshtorgbank of the USSR and to Handlobank of Poland. The Institute has also granted credits to the Mexican Oil Authority. Suppliers' credit granted during the year included loans to Italian companies for the supply of plant and machinery for the development of Algeria's energy resources.

The negotiations with the Bank of China culminated in the signature last May of an agreement for the granting of financial credits of up to one billion dollars by IMI and other major Italian medium-term credit institutions.

Turning to funding operations, the Report records the placement during the forty-seventh financial year of 1,445 billion lire of IMI bonds denominated in lire, against 1,597 billion in the preceding financial year. As at March 31, 1979 lira and foreign currency bonds in circulation totalled 9,322 billion lire, showing an increase of 736 billion (+8.5 per cent) compared with the corresponding figure at March 31, 1978.

The Institute's policy regarding foreign operations during the financial year under review was influenced by the delay in issuance of the regulations governing the possibility of utilisation of foreign currency funds obtained abroad for the granting of subsidised export credit, in concomitance with an all-round improvement of the terms and conditions for raising medium-term dollar loans on the international market. The Institute therefore decided to waive the unutilised 100 million dollar tranche of the loan arranged by Morgan Guaranty Trust of New York and to prepay the 100 million dollar tranche that had already been drawn down.

During the forty-seventh financial year nine contracts were concluded with the European Investment Bank for a total of 216 billion lire, for the financing of industrial projects located in Southern Italy in the vehicle-building, telephone-service, electronics and pharmaceuticals sectors.

The Board of Directors' Report then proceeds to an outline of the intervention programme for the rehabilitation of the SIR-Rumianca Group: the objective of the programme is a productive and financial reorganisation of the Group that enables the optimal utilisation of the very considerable existing industrial assets.

The Institute's already sound capital and reserve situation has been further strengthened: implementation of the capital-increase operation, from 100 billion to 500 billion lire, began in March 1979 and is proceeding extremely satisfactorily; and the economic results concerning the financial year were quite good. Net profit for the financial year amounts to 18.6 billion lire.

After provision for conspicuous allocations to the various funds, the Board of Directors has recommended the distribution of only 2.2 billion lire to Shareholders (representing a dividend of 5 per cent on paid-up capital), leaving 16.2 billion lire for allocation to the Statutory reserve.

After hearing the Board of Auditors' Report, the Meeting approved the Balance Sheet and the Statement of Expenditures and Income for the forty-seventh financial year, together with the appropriation of net profit as recommended by the Board of Directors.

IMI's capital and reserves amount, at the end of the financial year, to 1,311 billion lire, a figure which indicates the underlying strength for the future growth of the Institute's activity.

BALANCE SHEET SUMMARY AS AT MARCH 31, 1979 (47th Fiscal Year)

ASSETS	(Lit.)	LIABILITIES	(Lit.)
Uncalled capital stock	233,933,560,000	Subscribed capital stock	454,190,800,000
Cash on hand and deposits with banks and institutions	1,099,867,324,386	Reserves and funds	860,505,688,101
Securities owned	1,081,482,735,064	Default-interest credit risk fund under Presidential Decree No. 170 of May 23, 1979	50,656,444,922
Loans and financing	11,151,053,272,205	Government allocations under Article 6 of Law No. 184 of March 22, 1971	135,935,250,000
Advances receivable and other credits	1,421,389,071,395	Real estate and furniture depreciation funds	7,644,253,732
Real estate and furniture	97,678,242,410	Staff severance pay and pension fund	31,408,232,671
Accrued income and prepaid expenses	416,954,542,779	Bonds in circulation	9,322,462,729,050
Unamortised bond discount	542,419,234,182	IMI bonds issuable	614,767,487,000
Miscellaneous items	2,408,325,708	Borrowing and sundry debts	3,967,122,397,067
Debtors for sureties	74,240,097,396	Deferred income and accrued expenses	542,468,655,868
		Commitments for sureties	74,240,097,396
		Unamortised loan discount	61,411,325,356
		Net profit for the financial year	18,576,047,336
	16,121,426,405,505		16,121,426,405,505
Contra Accounts		Contra Accounts	
Loan commitments, securities and bills held and on deposit	5,485,709,921,796	Loan commitments, securities and bills held and on deposit	5,485,709,921,796
Special and fiduciary operations	2,818,990,773,308	Special and fiduciary operations	2,818,990,773,308
GRAND TOTAL	24,426,127,100,609	GRAND TOTAL	24,426,127,100,609

INCOME AND EXPENDITURE STATEMENT FOR FINANCIAL YEAR ENDED MARCH 31, 1979

EXPENDITURE	(Lit.)	INCOME	(Lit.)
Overheads	40,677,921,244	Interest on loans, advances and current accounts	1,354,665,814,022
Interest paid and other charges on bonds	942,773,579,437	Interest on sundry income on securities held	75,093,327,978
Interest paid on loans and sundry debts	202,310,615,830	Commissions and fees	25,643,201,755
Depreciation	1,454,953,763	Sundry incomes	6,890,542,127
Unrealised losses on securities owned	1,851,279,860	Utilisation of reserve funds	33,925,709,356
Operating losses on the holding under Law No. 184 of March 22, 1971	150,114,750,000	Utilisation of the Government's allocations to cover the operating loss on the holding under Law No. 184 of March 22, 1971	150,114,750,000
Taxes and duties for the financial year (including allocations)	77,200,577,882		
Taxes and duties for preceding financial years	33,581,793,979		
Sundry charges	4,789,654,882		
Allocations to credit risk and securities price fluctuation funds	24,118,696,103		
Allocation to sundry risk taxed fund	100,000,000,000		
Allocation to the credit risk fund under Presidential Decree No. 170 of May 23, 1979	50,656,444,922		
	1,629,560,297,882		
Net profit for the financial year	18,576,047,336		
	1,648,136,345,218		1,648,136,345,218

NOTICE OF REDEMPTION

To the Holders of

CYANAMID INTERNATIONAL DEVELOPMENT CORPORATION

5¾% Guaranteed Sinking Fund Debentures Due 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1965 providing for the above Debentures, $1,205,000 aggregate principal amount of said Debentures have been selected by lot for redemption on September 1, 1979, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date. The serial numbers of the Debentures selected for redemption are as follows:

OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

00	02	08	13	18	24	37	55	62	67	77	80	89	96
01	04	12	16	21	26	38	60	65	74	78	83	92	

ALSO OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

4	1093	3193	4593	6593	8993	[illegible]	11793	12793	14393	16093	18993
93	2693	4193	4893	6793	9993	11293	11993	13893	14693	16993	[illegible]
193	2793	4493	4993	7793	10793	11493	12193	14493	14793	16593	

Payment will be made upon presentation and surrender of the above Debentures with coupons due March 1, 1980 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris; Banca Commerciale Italiana in Milan; Algemene Bank Nederland, N.V. in Amsterdam; or Kredietbank S.A. Luxembourgeoise in Luxembourg. Coupons due September 1, 1979 should be detached and collected in the usual manner.

On and after September 1, 1979 interest shall cease to accrue on the Debentures selected for redemption.

CYANAMID INTERNATIONAL DEVELOPMENT CORPORATION

Dated: July 31, 1979

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 561	836	3460	5340	5748	5822	8201	9023	10294	10627	11122	11684	13732	18831
643	1373	3739	5532	6170	7212	8532	9231	10501	10804	11157	11774	16509	
691	2631	4632	5643	6341	7265	8945	9394	10623	11049	11662	11917	18740	
825	2632	5057	5644	6364	7861	9008	9678	10636	11051	12663	12017	18761	

IMPERIAL CONTINENTAL GAS ASSOCIATION

(A holding company in the fuel and power industries)

Substantial Increase in Dividend

The following are salient points from Mr. F. E. Zollinger's Speech at the Annual General Meeting on 3rd August, 1979.

North Sea

Development of the Maureen oilfield is in progress and production is expected late in 1981 or early in 1982. Century Power's policy from the outset has been to take a small participation in the widest possible spread of exploration areas available to it. The company has thus been able to participate in almost 60 exploration and appraisal wells. The Maureen oilfield, modest though it may be, should by itself produce ample recompense for 17 years of patient endeavour.

There has been a great deal of comment recently about the oil discoveries in T block – the Thelma, Toni and Tiffany structures – where Century has an 8.6% interest. Some of this comment is exaggerated, but the structures appear to be promising. In the light of the recent increases in world oil prices, a further evaluation of the Andrew structure is also in progress.

Belgium

The Group's interests in the Belgian public utility sector have provided the base which has enabled us to invest in companies such as Calor and Petrofina and to engage in the search for oil and natural gas.

Gas sales increased substantially during the early part of this year and electricity sales have been somewhat higher than expected, but the economic outlook remains clouded. However, the manner in which Belgium has overcome past pressures on the franc gives grounds for assuming that the recently reported warning by the Governor of the Belgian National Bank regarding the need for financial prudence and for economies in state expenditure will be heeded by the Government.

Calor Group

Calor's record of profit growth continued, with net income rising by 25% to £12.5 million and return on capital employed improving to 17.9%. Significant tonnage growths and improved results were attained in all of the Group's LPG markets in the UK, the Republic of Ireland and Germany. In the United States, approval was received for a new patented animal feed product, which will be traded as "Lacto-whey" dairy protein. A plant is under construction in Wisconsin and marketing will commence in early 1980.

Profit and Dividend

This is the first year of full consolidation. The profit attributable to IC Gas before exchange items for 1978/79 is £24,059,000 compared with £21,679,000 in the previous year. The proposed rate of dividend of 13.088p (9.88722p) for 1978/79 reflects the Directors' confidence that, given normal circumstances, it will be possible to recommend in the years to come a steady increase in the income payable to proprietors.

The Future

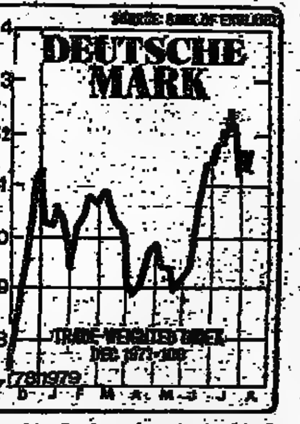
The Directors believe that the flexibility provided by a strong Balance Sheet is a necessity for a Group such as IC Gas, which is engaged in a number of capital-intensive businesses. Moreover, the Association's resources enable it to exploit to the full the opportunities which lie ahead in its existing activities and to give serious consideration to fresh avenues of development.

Since the predominant part of the business is substantially influenced by climatic conditions, it would be foolhardy to try to predict the likely outcome of the current year.

CURRENCIES, MONEY and GOLD

Sterling weak

STERLING FELL sharply in currency market yesterday after the announcements of July's Wholesale Price Index. This showed a rise of 2.25 per cent compared with 1.85 per cent in June, and was some way above market expectations. Trading was roughly divided into two, that is before the announcement and after. In the morning conditions were extremely dull and sterling opened at $2.2730-$2.2750 and remained fairly steady up until lunchtime at $2.2700.



News of the July index saw the pound fall quite quickly to $2.2375. By the close it had recovered slightly to $2.2380-$2.2400, a loss of 3.05c from Friday. Later trading in New York saw the steadier trend continue with sterling quoted at $2.2420. The pound's decline was also sharp against European currencies, and it fell to DM 4.0975 against the D-mark compared with DM 4.1600 on Friday. In terms of the French franc it finished at FFr 9.51 against FFr 9.6625.

On Bank of England figures the pound's trade weighted index was steady at the opening at 72.4 and 72.3 at noon, but finished sharply lower at 71.5 its worst level since July 16.

The dollar showed a weaker tendency overall in rather featureless trading. Against the D-mark it eased to DM 1.8290 from DM 1.8325 and SwFr 1.6570 from SwFr 1.6600 in terms of the Swiss franc. It was also slightly weaker against the Japanese yen at Y216.40 from Y216.90. Using Bank of England figures, its trade weighted index eased to 84.5 from 84.6.

The Danish krone continued to weaken within the European Monetary System, and fell just outside 75 per cent of its maximum permitted divergence against the ECU. This is the level at which the authorities concerned are under an unwritten obligation to take some corrective action to prevent any further decline.

FRANKFURT — There was no intervention at yesterday's fixing by the Bundesbank when the dollar was fixed lower at DM 1.8309 against DM 1.8327 on Friday. Trading was generally very subdued, and the U.S. unit traded within a narrow range with no fresh factors to provoke much trading.

Elsewhere the Danish krone remained weak and was quoted at DM 34.70 per DKr 100, only marginally above its floor level of DM 34.645 within the EMS.

MILAN — The lira improved slightly against the dollar and sterling but lost a little ground to its EMS partners. The dollar was quoted at L819.95, down from Friday's level of L820.45, while the pound eased to L1,861.4 from L1,863. The D-mark gained slightly to L447.75 from L447.66 and the Dutch guilder was fixed higher at L408.21 against L407.96.

TOKYO — The dollar finished lower against the yen yesterday at Y216.45, compared with Friday's finish of Y216.875. After opening at Y217.0, the U.S. unit touched a high of Y217.25 on early demand, but drifted back later in the day to the close.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.4582	40.5412	+2.74	+1.22	±1.53
Danish Krone ...	7.08592	7.31028	+3.17	+1.64	±1.635
German D-Mark	2.51064	2.53734	+1.06	−0.46	±1.1325
French Franc ...	5.79831	5.89363	+1.64	+0.12	±1.35
Dutch Guilder ...	2.72077	2.78139	+2.28	+0.72	±1.5075
Irish Punt ...	0.662638	0.673368	+1.62	+0.10	±1.665
Italian Lira ...	1148.15	1135.52	−1.10	−1.10	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Aug. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2375-2.2750	2.2380-2.2400	0.73-0.63 pm	3.64	1.90-1.80 pm	3.31
Canada	2.6290-2.6730	2.6300-2.6320	0.80-0.70c pm	3.42	1.85-1.75 pm	2.74
Nethlnd.	4.48-4.58	4.48½-4.49½	2¼-1¼c pm	5.35	6½-5½ pm	5.12
Belgium	65.40-66.60	65.45-65.55	15-5c pm	2.02	45-35 pm	2.44
Denmark	11.81½-11.98½	11.82-11.83	1½ore pm-½ore dis	0.51	2½-4½ dis	−1.18
Ireland	1.0935-1.1065	1.0940-1.0950	30-40p dis	−3.84	85-95 dis	−3.29
W. Ger.	4.09-4.17	4.09½-4.10½	3½-2½pf pm	8.42	8¼-7¼ pm	7.69
Portugal	109.90-111.30	110.00-110.30	40-100c dis	−7.63	110-210 dis	−5.81
Spain	147.70-150.20	147.75-147.85	135-185c dis	−12.99	395-495dis	−12.04
Italy	1,832-1,863	1,832-1,833	¾lire pm-1¼l dis	−0.16	3-5 dis	−0.87
Norway	11.26-11.46	11.25¼-11.27¼	5¼-3¼ ore pm	5.06	14¼-12¼ pm	4.88
France	9.50-9.67½	9.50½-9.51½	2½-1½c pm	2.52	5¼-4¼ pm	2.21
Sweden	9.42-9.57	9.42½-9.43½	3-1 ore pm	2.55	5¼-3¼ pm	1.80
Japan	482-495	484-485	3.95-3.65y pm	9.41	10.20-9.90 pm	8.30
Austria	29.90-30.40	29.93-29.98	25-15 gro pm	8.01	58-48 pm	7.09
Switz.	3.70-3.77½	3.70½-3.71½	4¼-3¼c pm	13.75	12¼-11¼ pm	12.80

Belgian rate is for convertible francs. Financial franc 68.00-68.10c pm. Six-month forward dollar 3.22-3.12c pm; 12-month 5.30-5.20c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2375-2.2750	2.2380-2.2400	0.73-0.63c pm	3.64	1.90-1.80 pm	3.31
Ireland†	2.0450-2.0600	2.0500-2.0550	1.50-1.00c pm	7.30	3.75-3.25 pm	6.82
Canada†	85.00-85.11	85.07-85.10	0.01½-0.03½c dis	−0.35	0.16-0.19dis	−0.82
Nethlnd.	2.0055-2.0100	2.0055-2.0075	0.45-0.35c dis	−2.38	0.98-0.88dis	−1.85
Belgium	29.24½-29.29	29.25½-29.27	1½-3c dis	−0.92	4-6 dis	−0.68
Denmark	5.2695-5.2880	5.2825-5.2850	1.25-1.75 ore dis	−3.40	5.70-6.20dis	−4.50
W. Ger.	1.8290-1.8332	1.8298-1.8300	0.84-0.75pf pm	5.18	2.12-2.02 pm	4.52
Portugal	48.85-49.25	49.15-49.25	35-45c dis	−9.75	90-130 dis	−8.98
Spain	66.04-66.09	66.04-66.09	115-145c dis	−23.62	315-350dis	−20.13
Italy	818.90-820.70	818.90-819.30	2-3 lire dis	−3.66	8.5-10.0 dis	−4.51
Norway	5.0340-5.0365	5.0352-5.0362	0.80-0.30 ore pm	1.31	2.40-1.90 pm	1.70
France	4.2475-4.2670	4.2475-4.2500	0.12-0.20c dis	−0.45	0.70-0.85dis	−0.72
Sweden	4.2095-4.2150	4.2140-4.2150	par-0.20 ore dis	−0.28	1.10-1.30dis	−1.13
Japan	216.40-216.80	216.40-216.60	1.15-1.00y pm	5.95	2.80-2.65 pm	5.03
Austria	13.371-13.385	13.377-13.382	5.50-5.00 gro pm	4.70	13.5-12.0 pm	3.81
Switz.	1.6580-1.6657	1.6560-1.6570	1.46-1.41c pm	10.38	4.00-3.95 pm	9.59

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 6	Bank of England Index	Morgan Guaranty changes %
Sterling	71.5	−33.7
U.S. dollar	84.5	−8.6
Canadian dollar	80.0	−17.7
Austrian schilling	148.1	+19.5
Belgian franc	114.2	+13.5
Danish kroner	115.4	+2.2
Deutsche mark	151.6	+42.2
Swiss franc	197.0	+81.0
Guilder	123.7	+18.5
French franc	99.1	−7.2
Lira	55.2	−48.8
Yen	132.1	+50.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.573176	0.607914
U.S. $	10	1.30111	1.38513
Canadian $	11¾	1.52854	1.62476
Austria Sch	3¾	17.4427	18.5746
Belgian F	9	38.1030	40.5636
Danish K	9	6.87246	7.31349
D Mark	5	2.38454	2.53687
Guilder	8	2.61653	2.78481
French Fr.	9½	5.54598	5.90343
Lira	10½	1067.56	1136.50
Yen	5¼	282.146	300.296
Nrwgn. K	7	6.56160	6.98453
Spanish Pes.	8	85.9084	91.6295
Swedish Kr.	7	5.48363	5.82960
Swiss Fr.	1	2.15854	2.29766

OTHER MARKETS

August 6	£	$		£ Note Rates
Argentina Peso	3117-3137	1390-1400	Austria	30-31
Australia Dollar	1.9840-1.9940	0.8860-0.8905	Belgium	65.5-70.0
Brazil Cruzeiro	60.20-61.20	26.90-27.35	Denmark	11.95-12.05
Finland Markka	8.62-8.63	3.8375-3.8395	France	9.60-9.75
Greek Drachma	83.451-84.521	36.80-37.75	Germany	4.10-4.20
Hong Kong Dollar	11.66¼-11.68¼	5.1475-5.1525	Italy	1,840-1,890
Iran Rial	163.08-169.87	72-75	Japan	495-505
Kuwait Dinar (KD)	0.620-0.630	0.2754-0.2755	Netherlands	4.50-4.60
Luxembourg Frc.	65.45-65.55	30.37-30.42	Norway	11.40-11.55
Malaysia Dollar	4.87½-4.88	2.1555-2.1565	Portugal	107-110
New Zealand Dlr.	2.2005-2.2105	0.9830-0.9870	Spain	147-156
Saudi Arab. Riyal	7.57-7.67	3.3604-3.3608	Switzerland	3.70-3.80
Singapore Dollar	4.87½-4.88	2.1530-2.1540	United States	2.26-2.28
Sth. African Rand	1.8990-1.9090	0.8480-0.8525	Yugoslavia	44.5-45.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

August 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.239	4.098	484.5	9.510	3.710	4.490	1833.	2.631	65.50
U.S. Dollar	0.447	1.	1.830	216.4	4.247	1.657	2.005	818.4	1.175	29.25
Deutschemark	0.244	0.546	1.	118.2	2.321	0.905	1.096	447.2	0.642	15.98
Japanese Yen 1,000	2.064	4.621	8.457	1000.	19.63	7.657	9.267	3782.	5.430	135.2
French Franc 10	1.052	2.354	4.309	509.5	10.	3.901	4.721	1927.	2.767	68.87
Swiss Franc	0.270	0.604	1.104	130.6	2.563	1.	1.210	493.9	0.709	17.65
Dutch Guilder	0.223	0.499	0.913	107.9	2.118	0.826	1.	408.1	0.586	14.59
Italian Lira 1,000	0.546	1.222	2.236	264.4	5.190	2.025	2.450	1000.	1.436	35.74
Canadian Dollar	0.380	0.851	1.557	184.2	3.615	1.410	1.707	696.5	1.	24.90
Belgian Franc 100	1.527	3.418	6.256	739.7	14.52	5.664	6.855	2798.	4.017	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 10.80-10.90 per cent; six months 10.80-10.90 per cent; one year 10.50-10.60 per cent.

Aug. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	13⅞-14⅛	10⅝-10⅞	9½-10½	8½-8¾	1-1¼	6¼-6¾	11-11¼	10½-13½	—	2½-7½
7 days' notice	13⅞-14⅛	10⅝-10⅞	9½-10½	8½-8¾	1-1¼	6½-6¾	11-11¼	13¼-14¼	10 1/16-10 3/16	4⅞-5⅞
Month	14¼-14½	10¾-11	11¼-11⅝	8⅝-8⅞	1⅛-1⅜	6 5/16-6 7/16	10½-10¾	14¼-16¼	10⅞-11	5⅜-6
three months	14⅛-14⅜	10⅞-11⅛	11¼-11⅝	9-9¼	1¼-1⅜	6⅜-6½	11⅛-11⅜	14½-15½	10 15/16-11 1/16	6 1/16-6 5/16
six months	13 13/16-14 1/16	11-11¼	11 5/16-11 11/16	9½-9⅝	2⅛-2⅜	6 5/16-6 7/16	11⅝-12	14¾-15¾	11 1/16-11 3/16	6-6¼
one year	13¼-13½	10⅜-10⅝	10 11/16-10 15/16	9⅛-9⅜	2⅛-2⅜	6¾-6⅞	12-12¼	14½-15½	10¾-10⅞	6¼-6⅝

Long-term Eurodollar: two years 10 7/16-10 15/16 per cent; three years 10 5/16-10 9/16 per cent; four years 10 3/16-10 7/16 per cent; five years 10-10¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York trading subdued

Federal funds were higher in early trading at 10 11/16-10 13/16 per cent yesterday, and later in the day, the Federal authorities entered the market to make overnight repurchase orders for a customer of $1bn. Trading remained fairly quiet and featureless and Treasury bill rates eased slightly. 13-week bills were quoted at 9.35 per cent against 9.37 per cent and 26-week bills eased to 9.32 compared with 9.36 per cent.

FRANKFURT—Call money was easier at 6.10-6.20 per cent against 6.15-6.25 per cent previously, while one-month money rose to 6.40-6.50 per cent from 6.35-6.40 per cent. The three-month rate remained at 6.95 per cent but six-month rose to 7.30-7.40 per cent from 7.25-7.35 per cent. 12-month money was quoted at 7.40-7.50 per cent compared with 7.40-7.60 per cent.

AMSTERDAM — Call money remained at 8½-8¾ per cent and one-month money was quoted at 9¼-9⅜ per cent. The three-month rate moved slightly from 9½-9⅝ per cent to 9⅝-9¾ per cent while six-month money firmed to 9⅞-10 per cent from 9⅝-9¾ per cent.

PARIS—Call money rose again to the 10⅛ per cent level compared with 10⅛ per cent on Friday. Longer term rates held steady at 10¼-10⅜ per cent for one-month through to 10⅜-10⅝ per cent for 12-month.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 11⅞-12⅛ per cent for one-month, 11⅞-12⅛ per cent for three-month, 11⅜-11⅝ per cent for six-month, and 10⅞-10⅞ per cent for 12-month deposits.

SINGAPORE — Several more banks announced changes in their prime rates. Increases included a ½ per cent rise to 8½ per cent by American Express International Banking Corporation and a similar rise by Bank of East Asia. Bank of China raised its prime rate to 8½ per cent from 8 per cent as did Indian Bank, while Morgan Guaranty Trust Company of New York pushed its rate to 8½ per cent from 8¼ per cent. Royal Bank of Canada's prime rate was lifted ½ per cent to 9 per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Conditions in the London money market were extremely quiet yesterday and the authorities bought just a small amount of Treasury bills, all direct from the discount houses. Factors affecting the market were scarce, with banks bringing forward balances over the weekend a small way below target, and there was a small net take up of Treasury bills to finance. Discount houses were paying up to 13¾ per cent for secured call loans at the start and some closing balances were taken as low as 8 per cent.

In the interbank market, overnight loans opened at 13¼-13½ per cent and eased to 13-13¼ per cent before coming back to 13¼-13½ per cent, a level which saw most of the day's business. Later in the day rates tailed off to between 3 per cent and 5 per cent but firmed right at the close to 9-11 per cent. Period rates showed little change, reflecting the very subdued trading conditions.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 6 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-13⅛	—	—	—	13⅛-13¾	8-13⅝	—	—	—
2 days notice	—	—	13¾-14	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅝-13⅞	14-14⅛	—	14½	14	13⅜-13½	—	—	—
One month	14¼-14	14-14⅛	14-14⅞	14⅞-14⅝	14½	14⅛	13⅞	13¼	14 1/16	14½
Two months	14¼-14	14 1/16-14 3/16	—	14½-14⅜	14½	—	13⅝	13 7/32	14⅛	14⅛
Three months	14⅛-14	14-14⅛	13¾-13 15/16	14⅛-13⅞	14½	14⅛	13¾	13 15/32-13 17/32	13 29/32-13 31/32	14⅜
Six months	13 15/16-13 13/16	13 9/16-13 11/16	13 15/16	13½-13⅛	14⅜	—	—	—	13 15/32-13⅛	13¾
Nine months	13⅝-13⅛	13¼-13⅝	—	13⅜-13	13¾	—	—	—	—	—
One year	12 15/16-12⅝	12⅞-13	13-13⅛	12⅞-12½	13⅜	—	—	—	—	—
Two years	—	—	13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 13 per cent; four years 13-13¼ per cent; five years 13-13¼ per cent. ΔBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13 5/16-13¼ per cent; two month 13 7/32-13 5/32 per cent; three-month 13 5/16-13 21/64 per cent. Approximate rates for one-month bank bills 14 3/32-14⅛ per cent; two-month 14 per cent; and three-month 13 29/32-13 15/16 per cent; one-month trade bills 14½ per cent; two-month 14⅜ per cent; and three-month 14⅜ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3652 per cent.

GOLD

Sharp fall

Gold recorded its seventh consecutive fall in the London bullion market yesterday and closed at $281¼-282¼, a loss of $5½ an ounce from Friday, and down $24½ or 7.92 per cent since its peak on July 26. Trading yesterday morning was extremely dull, and after opening at $287¾-288¼, the metal saw a high of $288-288½ before easing slightly at lunch to $286½-287. Soon afterwards however, selling developed on quite a heavy scale, and by the time New York entered the market, gold was down to $283¾-284. Heavy liquidation continued and it touched a low of $281¼-282¼ before the close.

	Aug. 6	Aug. 3
Gold Bullion (fine ounce)		
Close	$281¼-282¼ (£125.8-126.2)	$287-287¾ (£126.5-126.8)
Opening	$287½-288¼ (£126.4-126.8)	$287¾-288½ (£126.5-126.8)
Morning fixing	$287.00 (£126.421)	$288.50 (£126.785)
Afternoon fixing	$282.70 (£125.477)	$286.50 (£126.046)
Gold Coins, domestically		
Krugerrand	$289½-291½ (£129½-130½)	$295-297 (£130-131)
New Sovereigns	$72¾-74¾ (£32½-33½)	$74½-76½ (£32¾-33¾)
Old Sovereigns	$100¼-102¼ (£44¾-45¾)	$102¼-105¼ (£45-46)
Gold Coins, internationally		
Krugerrand	$289½-291½ (£129½-130½)	$295-297 (£130-131)
New Sovereigns	$72¾-74¾ (£32½-33½)	$74½-76½ (£32¾-33¾)
Old Sovereigns	$100½-102½ (£44½-45½)	$102¼-103¼ (£45-46)
$20 Eagles	$406-411	$412-417
$10 Eagles	$226-231	$232-237
$5 Eagles	$169-175	$175-181

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.75
Treasury Bills (13-week)	9.35
Treasury Bills (26-week)	9.32
GERMANY	
Discount Rate	5
Overnight Rate	6.15
One month	6.45
Three months	6.95
Six months	7.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.50
One month	10.5625
Three months	10.6875
Six months	10.75
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6.625
Bills Discount (three-month)	7.0

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 6, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	95.99
Albania	Lek	9.952
Algeria	Dinar	8.6282
Andorra	French Franc	9.51
	Spanish Peseta	147.80
Angola	Kwanza	64.475
Antigua (S)	E. Caribbean $	6.051
Argentina	Ar. Peso Free Rate	3,137
Australia (S)	Australian $	1.9890
Austria	Schilling	29.965
Azores	Portug. Escudo	110.15
Bahamas (S)	Ba. Dollar	2.2390
Bangladesh (S)	Taka	32.80 (sg)
Bahrain (S)	Dinar	0.862
Balearic Isles	Spa. Peseta	147.80
Barbados (S)	Babados $††	4.478
Belgium	B. Franc	(cm) 65.50
		(fn) 68.05
Belize	B $	4.478
Benin	C.F.A. Franc	475½
Bermuda (S)	Bda $	2.2390
Bhutan	Indian Rupee	17.95 (sg)
Bolivia	Bolivian Peso	44.78
Botswana (S)	Pula	1.85425
Brazil	Cruzeiro ‡‡	60.70
Brit. Virgin Isles (S)	U.S. $	2.2390
Brunei (S)	Brunei $	4.875
Bulgaria	Lev	1.7930
Burma	Kyat	15.062
Burundi	Burundi Franc	2.08415
Cameroon Republic	C.F.A. Franc	475½
Canada	Canadian $	2.6310
Canary Islands	Spanish Peseta	147.80
Cape Verde Isle	Cape V. Escudo	81.7459
Cayman Islands (S)	Cay. Is. $	1.8658
Cent. Af. Empire	C.F.A. Franc	475½
Chad	C.F.A. Franc	475½
Chile	C. Peso	(Bk) 88.23
China	Renminbi Yuan	3.4768
Colombia	C. Peso	(F) 96.74
Comoro Islands	C.F.A. Franc	475½
Congo (Braz'ville)	C.F.A. Franc	475½
Costa Rica	Colon	19.2554
Cuba	Cuban Peso	1.5497
Cyprus (S)	Cyprus £	0.7860
Czechoslovakia	Koruna	(com) 11.85
		n/c 22.50
		(T) 18.90
Denmark	Danish Krone	11.825
Djibouti	Fr.	375.0
Dominica (S)	E. Caribbean $	6.051
Dominican Repub.	Dominican Peso	2.2390
Ecuador	Sucre	(O) 56.28
		(F) 63.80
Egypt	Egyptian £	(U) 1.560
Equatorial Guinea	Peseta	147.80
Ethiopia	Ethiopian Birr	(P) 4.640
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.825
Fiji Islands	Fiji $	1.8338
Finland	Markka	8.625
France	French Franc	9.51
French C'tyin Af*	C.F.A. Franc	475½
French Guiana	Local Franc	9.51
French Pacific Is.	C.F.P. Franc	172.91
Gabon	C.F.A. Franc	475½
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.0975
Germany (West)	Deutsche Mark	4.0975
Ghana (S)	Cedi	6.25 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9890
Greece	Drachma	83.486
Greenland	Danish Kroner	11.825
Grenada (S)	E. Caribbean $	6.051
Guadaloupe	Local Franc	9.51
Guam	U.S. $	2.2390
Guatemala	Quetzal	2.2390
Guinea Republic	Sily	42.431
Guinea Bissau		75.562
Guyana (S)	Guyanese $	5.709
Haiti	Gourd	11.195
Honduras Repub.	Lempira	4.5475
Hong Kong (S)	H.K. $	11.67½
Hungary	Forint	(com) 77.30
		(T/nc) 44.17
Iceland (S)	I. Krona	812.75
India (S)	Ind. Rupee	17.93 (sg)
Indonesia	Rupiah	1,399
Iran	Rial	165.90
Iraq	Iraq Dinar	0.6654
Irish Republic (k)	Irish £	1.0945
Israel	Israel £	58.75
Italy	Lira	1832½
Ivory Coast	C.F.A. Franc	475½
Jamaica (S)	Jamaica Dollar	3.99325
Japan	Yen	484.5
Jordan (S)	Jordan Dinar	0.671
Kampuchea	Riel	2686.8
Kenya (S)	Kenya Shilling	16.855
Korea (Nth)	Won	1.94(!)
Korea (Sth)	Won	1101.10
Kuwait (Sth)	Kuwait Dina	0.625
Laos	Kip Pot Po	895.6
Lebanon	Lebanese £	7.2722
Lesotho	S. African Rand	1.9040
Liberia	Liberian $	2.2390
Libya	Libyan Dinar	0.6628
Liechtenstein	Swiss Franc	3.71
Luxembourg	Lux Franc	65.50
Macao	Pataca	11.89
Madeira	Portug'se Escudo	110.15
Malagasy Republic	MG Franc	475½
Malawi (S)	Kwacha	1.8350
Malaysia (S)	Ringgit	4.8775
Maldive Islands (S)	Mal Rupee	8.7995
Mali Republic	Mali Franc	9.51
Malta (S)	Maltese £	0.7980
Martinique	Local Franc	9.51
Mauritania	Ouguiya ‡	95.806
Mauritius (S)	M. Rupee	13.259
Mexico	Mexican Peso	51.68
Miquelon	C.F.A. Franc	475½
Monaco	French Franc	9.51
Mongolia	Tugrik	(O) 6.930(!)
Monserrat	E. Caribbean $	6.051
Morocco	Dirham	8.75 (sg)
Mozambique	Moz. Escudo	65.095
Nauru	Australian Dollar	1.9890
Nepal	Nepalese Rupee	26.87
Netherlands	Guilder	4.49
Netherland Antilles	Antillian Guilder	4.0078
New Hebrides	Franc	155.515
	Aust. Dollar	1.9890
New Zealand (S)	N. Z. Dollar	2.2035
Nicaragua	Cordoba	15.9
Niger Republic	C. F. A. Franc	475½
Nigeria (S)	Naira	1.267318 (sg)
Norway	Norway Krone	11.2725
Oman Sul'ate of (S)	Rial Omani	0.784
Pakistan	Pakistan Rupee	22.40
Panama	Balboa	2.2390
Papua N. Guinea (S)	Kina	1.5830
Paraguay	Guarani	282.56
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.755
Peru	Sol	exc(A) 518.11
Philippines	Philippine Peso	16.46
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2055
Poland	Zloty	(Cm) 63.38
		(T) 63.38
Portugal	Portugu'se Escudo	110.15
Port Timor	Timor Escudo	110.15
Principe Islands	Portugu'se Escudo	110.15
Puerto Rico	U.S. $	2.2390
Qatar (S)	Qatar Ryal	8.49
Reunion Ile de la	French Franc	9.51
Rhodesia	Rhodesian $	1.5527
Romania	Leu	(Cm) 9.97
		(c/c) T26.77
Rwanda	Rwanda Franc	2.0973
St. Christopher (S)	E. Caribbean $	6.051
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.051
St. Pierre	C.F.A. Franc	475½
St. Vincent (S)	E. Caribbean $	6.051
Salvador El	Colon	5.66
Samoa American	U.S. $	2.2390
San Marino	Italian Lire	1832½
Sao Tome	Portugese Escudo	110.15
Saudi Arabia	Ryal	7.62
Senegal	C.F.A. Franc	475½
Seychelles	S. Rupee	13.13
Sierra Leone (S)	Leone	2.3619
Singapore (S)	Singapore $	4.875
Solomon Islands (S)	Solomon Is. $	1.9849
Somali Republic	Somali Shilling	(A) 13.485
South Africa (S)	Rand	1.9040
South West African Territories (S)	S. A. Rand	1.9040
Spain	Peseta	147.8
Spanish ports in North Africa	Peseta	147.8
Sri Lanka (S)	S. L. Rupee	35.30
Sudan Republic	Sudan £	1.155
Surinam	S. Guilder	4.0078
Swaziland (S)	Lilangeni	1.9040
Sweden	S. Krona	9.43
Switzerland	Swiss Franc	3.71
Syria	Syria £	(A) 8.79078
Taiwan	New Taiwan	(P) 80.604
Tanzania (S)	Tan. Shilling	18.45
Thailand	Baht	45.78
Togo Republic	C.F.A. Franc	475½
Tonga Islands (S)	Pa'anga	1.9849
Trinidad (S)	Trinidad & Tob' $	5.3736
Tunisia	Tunisian Dinar	0.900 (sg)
Turkey	Turkish Lira	106.333
Turks & Caicos	U.S. $	2.2390
Tuvalu	Australian $	1.9890
Uganda (S)	Uganda Shilling	16.75
United States	U.S. Dollar	2.2390
Uruguay	Uruguay Peso	(cm) 18.15
		(fn) 18.15
Utd. Arab Emirates	U.A.E. Dirham	8.60
U.S.S.R.	Rouble	1.4520
Upper Volta	C.F.A. Franc	475½
Vatican	Italian Lire	1832½
Venezuela	Bolivar	9.7175
Vietnam	Dong	(O) 4.881
		(T) 4.070(!)
Virgin Islands U.S.	U.S. Dollar	2.2390
Western Samoa (S)	Samoan Tala	1.9468
Yemen	Ryal	10.27 (sg)
Yugoslavia	New Y Dinar	43.4032
Zaire Republic	Zaire	3.409329
Zambia	Kwacha	1.725

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 94.038. Based on gross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

NORTH AMERICAN NEWS

Increase in MCA profit in second quarter

UNIVERSAL CITY — MCA, the TV and records group, said in reporting higher second quarter results that its filmed entertainment division achieved peak results for the quarter but that the records and music publishing division turned in an operating loss.

The filmed entertainment division, which represents 65 per cent of the company's revenues, had operating income of $43.9m up from $38.7m a year earlier, on higher revenues.

Its record and music publishing division had an operating loss of $1.2m in the quarter compared with a profit of $2.2m *last year on higher revenues.*

MCA attributed the loss in its records and music publishing division to increased costs to improve its position in the *record industry and higher over*all operating costs affecting the record industry as a whole.

It continues to maintain its strong financial position and is confident of a satisfactory year, said the company. Reuter

American Airlines to sell hotels

NEW YORK — American Airlines is taking steps which will lead to the disposition of all but one of its properties in the American Hotels subsidiary.

American Airlines said it had decided that management and *financial resources now being* devoted to hotel operations "can be directed more effectively and productively through our basic business, the airline."

The group said it has leasing arrangements to operate most of the hotels in the chain.

The airline said it has reached agreements in principle with several enterprises on transactions involving hotels, Inns and resorts in Korea, Mexico, Aruba, Honolulu, Washington DC, Rochester, New York, Miami, Cincinnati and Little Rock, Arkansas. However, it is too early to bespecific about any of the various transactions.

The group said it will retain the Inn of the Six Flags, in Arlington, Texas, the only propertly in the chain that it owns as wel as operates.
Reuter

Revlon expands medical interests in $400m deal

BY DAVID LASCELLES IN NEW YORK

REVLON, the second largest cosmetics maker in the U.S. is to strengthen its diversification into the medical equipment field.

The New York-based company announced yesterday that it will buy Technicon, a maker of medical testing and information systems, for $400m. The deal will be financed partly by a new issue of Revlon preferred stock, and partly in cash.

Revlon, with sales of $1.5bn and earnings of $130m in some 100 countries round the world last year, makes a wide range of perfumes, cosmetics and toiletries under several brand *names. It also has a health pro*ducts and services division which accounts for about a third *of total revenues.*

This division, with which Technicon will presumably be allied, researches into and produces pharmaceuticals and optical products.

Technicon, based in Tarrytown just outside New York City, has revenues of about $300m a year, and earnings last year were £27m.

The company had indicated earlier this year that it was engaged in possible merger talks.

Technicon's earnings had begun to level out, however, and Revlon's offer works out at $18 per share, only a tiny premium *over the $15½ at which its shares* have recently been trading.

Mr. M. C. Bergerac, chairman *and chief executive of Revlon* said that Technicon will continue to operate as a separate entity under the Technicon name with existing management and personnel.

Of the 22m shares of Technicon outstanding, 14 per cent are held by the public and the rest are internally held, Revlon said. If all public holders choose to receive cash, the total cash charge would be about $50m.

The transaction is subject to approval by the Boards and stockholders of both companies, the completion of a definitive merger agreement, compliance with requirements of Federal *and State regulatory authorities* and the receipt of a favourable tax ruling.

Lear Siegler makes headway

BY OUR FINANCIAL STAFF

LEAR SIEGLER, the diversified industrial group, expects peak sales and profits for the final quarter of the year but, according to Mr. Robert T. Campion, chairman and president, the effects of the current recession have *started to* "roll through" the group's product lines.

Net earnings *for the fourth* quarter are "in the range of" $20m or between $1.35 and $1.40 a share, compared with earnings for the comparable period of $17.5m or $1.31 a share. Sales have climbed from $329.7m to around $360m and share earnings from $1.08 to between $1.15 and $1.18.

In the full year, net earnings have risen to about $63m or between $4.45 a share and $4.50 a share on sales of $1.33bn. In fiscal 1978 the group earned $48.2m or $3.55 a share on sales of $1.6bn. Fully diluted per share net for the year increased to about $3.70 from $2.90.

But while net earnings from car-related business decreased on "a very small sales increase" in the quarter, and lower sales from its furniture and fixtures lines produced flat earnings in that area, Mr. Campion said that Lear Siegler's position in the unusually strong aerospace and machine tools industries is expected to help the company weather the recession well.

He predicted that fiscal 1980 sales and earnings will show further increases. He said that the company is in the market for acquisitions, and hinted that management would recommend another dividend increase during the year. The quarterly payout was hiked to 26 cents from 20 cents a share last March.

RESULTS IN BRIEF

Fall in Raymond International earnings

NEW YORK—The Houston-*world-wide* engineering and construction concern **Raymond International** turned in lower earnings for the second quarter of $3.85m compared with $4.32m last time. The company said that it expects earnings to fall over the next few quarters, but added that it sees many opportunities in the near future to obtain work which has good profit margins. Sales for the quarter advanced from $127m to $162m.

For the first half, net earnings of **Halliburton**, the engineering and *oilfield services group*, edged upwards from $3.09 to $3.10 a share, while consumer finance concern **Household Finance** rose from $1.76 to $1.83.

Other increases at the six months level were reported by **Chicago Pneumatic Tool**, ahead from $2 to $2.14, **Capital Holding Corporation**, insurance holding company, head from $1.30 to $1.43, **Mesa Petroleum**, up from $1.36 to $3, and **Emery Air Freight**, up from 71 cents to 91 cents.

Downturns *for the first half* were shown by offshore drilling concern **Reading and Bates**, with earnings per share of $1.55 against $1.62, and the natural gas system operator **Consolidated Natural Gas**, which slipped from $4.43 to $4.42.

Two Canadian companies recorded sharp increases for the first half—**Algoma Steel Corporation** advanced from C$ 2.39 to C$ 3.85, while **Union Carbide Canada** jumped from 51 cents to $1.51.
Agencies

Itel puts together plan for survival

By Our New York Staff

ITEL, THE computer leasing company which has been left high and dry by fast-changing technology in the computer market and is now in the thick of law-suits with its insurers, has put together a drastic programme for *survival over the next* 18 months.

At the end of last week, Itel estimated it would make a loss of $60m in the second quarter *of this year against* a profit of $8.3m in the same period last year. Itel blamed this on two things: the cost of carrying computer and related equipment in a declining market—most of Itel's equipment was rendered obsolete by IBM's new computers earlier this year—and costs associated with paring back the company and cutting staff.

However, according to confidential documents dating from June and published here yesterday by the Wall Street Journal, Itel expects to make a loss of $43m on its data *products operations this* year compared with a profit last year of $33.2m. These losses are expected to continue until the third quarter of 1980, although other parts of *Itel's* business such as transport equipment leasing should keep the company's head above water.

Itel's strategy is apparently aimed at maximising cash flow rather than profit by delaying or cancelling purchase commitments, selling assets and halting expansion.

Tighter control will be kept on the company's finances by, for example, reducing the number of people *authorised to write* cheques.

Itel is also planning to sell some of its ships and cancel orders for Boeing aircraft and railroad cars.

To stimulate business, Itel plans price reductions of 30-40 per cent on data products, and is *reducing* delivery commitments

The report quotes Mr. Peter Redfield, Itel's president, as telling the company's bankers that Itel's single most major mistake was in committing the company to purchase commitments for computer equipment for the full year of 1979.

Itel's woes are regarded in Wall Street as a classic example of what can happen to companies which make the wrong decision in the finely-tuned and fast-moving high technology markets. The company had committed itself to buying several hundred computers belonging to a generation which became obsolete before Itel even obtained delivery of them.

In the past, Itel had been able to insure itself against obsolescence, thanks to a special policy being issued by Lloyd's of London. However, Lloyd's *stopped issuing* that policy in 1977, and has begun to contest computer leasing insurance claims.

Although it is understood that Itel has reached some kind of agreement with Lloyd's over the settlement of some claims, the company is now involved in a plethora of suits and counter-suits with a number of U.S. and foreign insurers, and with its U.S. insurance broker, Marsh and MacLennan, *over other computer leasing* insurances.

Japanese group buys Fotomat stake

WILTON—Konishiroku Photo Industries of Japan has agreed to purchase 700,000 shares, or slightly under 10 per cent of Fotomat Corporation stock, at $17.50 a share for a total of $12.25m.

Fotomat said it was having discussions with the Japanese company concerning a joint venture to sell paper, film and possibly related products in the U.S. and Canada. They are also considering constructing a photographic paper coating facility in the U.S.

If the facility is constructed, Konishiroku has agreed to lend Fotomat $7.75m, repayable over 10 years, *as part of Fotomat's* equity investment in the facility.

Meanwhile, Fotomat is suspending payment of dividends *because of an expected decline* this year in earnings.
Reuter

U.S. QUARTERLIES

BANGOR PUNTA

	1979 $	1978 $
Third quarter		
Revenue	212.2m	177.3m
Net profits	9.53m	8.93m
Net per share	1.50	1.12
Nine months		
Revenue	600.1m	486.1m
Net profits	24.1m	19.6m
Net per share	3.89	3.20

LOEWS CORPORATION

	1979 $	1978 $
Second quarter		
Revenue	989.4m	851.8m
Net profits	48.58m	46.65m
Net per share	4.12	4.03
Six months		
Revenue	1.91bn	1.67bn
Net profits	98.39m	76.51m
Net per share	8.67	6.47

RESERVE OIL AND GAS

	1979 $	1978 $
Second quarter		
Revenue	525.3m	387.8m
Net profits	11.8m	5.72m
Net per share	0.88	0.35
Six months		
Revenue	995.6m	747.0m
Net profits	20.2m	8.02m
Net per share	1.17	0.48

INTERNATIONAL CAPITAL MARKETS

Foreign DM and sterling Eurobond prices weaken

BY FRANCIS GHILES

PROFIT-TAKING pushed down the prices of foreign Deusche-Mark bonds yesterday, while sterling-dominated issues weakened because of the drop in the UK currency. Dollar-denominated bonds were largely unchanged, with trading at a very low level.

The recent 15-year issue for Michelin, which carries a coupon of 10 per cent, is still trading at 97½-⅞, in sharp contrast to other issues of similar maturity which also carry 10 per cent coupons, such as those floated earlier this year for Hudson's Bay and Newfoundland: these are currently quoted at 99-½.

In the D-Mark sector, the falls recorded yesterday did not come as a surprise *in view of the* hectic market conditions last week, which had pushed prices to levels which a number of dealers felt were too high. Prices *of most issues were* off by between ¼-½ a point on the day.

In the domestic market, the Bundesbank sold DM23m-worth to satisfy investor demand, but *signs of investor resistance* to the fall in yields came with the cold reception afforded to the latest offering of Schuldscheine notes: these offer a coupon of 7¾ per cent for 15 years. The yield to the investors, which works out at 7.75 per cent, is 50 basic points lower than that on the last offering of similar maturity Schuldscheine notes, two and a half weeks ago. According to some German bankers, the German authorities were not able to place a single note with investors.

In the dollar sector of the market, a number of floating rate note certificates of deposit are currently being offered. First Chicago Ltd. and First Chicago Asian Merchant Bank are offering a $10m five-year CD with a spread of ¼ per cent over the mean of the *six-month* London interbank rate for Hokkaido Takushoku Bank, while Hambros is arranging a $15m three-year CD for Mitsui Bank on the same terms.

Sumitomo Finance International, CCF and Abu Dhabi Investment Company are arranging a $20m three-year CD for Sumitomo Bank Ltd. with an interest rate set at ¼ per cent over six-month Libor. Meanwhile, the $30m three-year CD which Jardine Fleming is arranging for Bank of Tokyo has been increased to $50m.

The borrower is paying an interest rate of ¼ per cent above the one-month Hong Kong offered interbank rate or local prime rate, whichever is higher.

The terms of the Y25bn year issue for the EIB—which include a coupon of 7¾ per cent with pricing at 99½—are unchanged from those indicated when the isue was launched just over two weeks ago by Nomura.

Artemis plans London listing

BY OUR FINANCIAL STAFF

ARTEMIS, the Luxembourg-based international art trading group, is testing the waters with a view to a possible London listing. Fund managers from several of the largest British merchant banks were recently invited to study the record of this company at a gathering at the Royal Academy.

The company, which says it is about to report a 40 per cent jump in pre-tax profits to *£1.4m ($3.19m) for the year to* June, is an unusual organisation. Profits have hovered near the £1m level recently, on a turnover of approximately £5m.

Artemis is involved in the purchase and rapid re-sale of various works of art, from Fragonards to tribal art. The *group, which was founded in* 1970, is neither an auction house like Christie's or Sotheby's, nor an art dealing organisation. It engages in a variety of activities, including advisory services and sales.

Approximately 40 per cent of its shares are held by the Compagnie Bruxelles Lambert, an offshoot of the Belgian banking interests of Baron Lambert, the chairman of Artemis, or by people close to the chairman.

Artemis is incorporated in Luxembourg as a holding company and has two wholly-owned subsidiaries — Arhold Incorporated and David Carritt Limited. The former controls companies that are themselves owners or co-owners of works of art. The latter, a UK company, serves as an advisory service for Artemis and trades in works of art on behalf of the group.

The company is already listed on four exchanges — Brussels, *Antwerp*, Luxembourg and Amsterdam. Yet it is only a relatively small organisation. Artemis' capitalisation is about $10m, but the group claims to be much larger than most traders in the world art market.

Mr. Timothy Bathurst, a London-based director of Artemis said: "In art world terms, we are big. We have the capital to go out and purchase only the finest, highest quality works."

The group believes its shares could appeal to private investors who want to include art holdings in their portfolio without themselves taking the risk of purchases.

The international art market has been rather volatile in recent years. But the Artemis group claims that it is unworried by this and that its expertise and shared risk capital will provide for steady growth.

The group is planning two exhibitions in 1979—a Master Drawings exhibition spanning several centuries and a Villon lithograph show later this year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	98	98½	0	+0½	10.28
Alex Howden XW 9½ 91	30	93¾	94½	+0⅛	+0⅛	12.08
Australian Res. 9¾ 84	30	97¾	98¼	+0⅛	+0⅛	10.15
Avco O/S Cap. 10½ 87	40	96⅞	97⅜	+0⅛	0	10.90
Bayer Int. F. XW 7¾ 89	200	83	83½	+0⅛	0	10.08
Beneficial Fin. 9¾ 87	100	96	96½	0	+0⅛	10.08
CECA 9¾ 84-99	50	94⅛	94⅝	0	+0⅛	10.02
CECA 10½ 91	100	97⅝	98⅛	0	+0⅛	11.06
Canadian Pacific 9¾ 89	50	97⅜	98⅛	−0⅛	+0⅛	10.09
Carter Hawley 9¾ 86	50	97⅛	97⅝	0	+0⅛	10.29
Comalco Inv. E. 10¼ 91	40	99½	100	−0⅛	0	10.28
Continental Grp. 9⅞ 86	100	97½	98	0	+0⅛	10.08
Dome Petroleum 10 94	50	96⅜	96⅞	+0⅛	+0⅛	10.45
Dominion Bridge 10¼ 84	30	99⅞	100⅜	+0⅛	+0⅛	10.20
Dow Chem. O/S 9⅝ 94	200	97½	97¾	+0⅛	+0⅛	9.94
EIB 9¾ 86	150	99⅛	99⅝	0	+0⅛	9.99
EIB 9⅞ 99	100	99⅞	100⅜	+0⅛	+0⅛	10.13
EIB 9⅞ 87	150	100⅜	100⅞	+0⅛	+0⅛	9.98
EIB 10 99	150	100⅝	101⅛	+0⅛	+0½	10.12
Export Dv. Cpn. 9.85 84	150	100⅛	100⅝	−0⅛	−0⅛	9.88
Export Dv. Cpn. 9¾ 84	100	97⅜	97⅞	−0⅛	0	9.96
Finland 9½ 86	100	97⅜	97⅞	0	+0⅛	9.89
Finland 9¾ 89	100	98⅜	98⅞	+0⅛	+0⅛	10.08
GTE Finance 9½ 84	50	97½	98	0	+0⅛	10.11
GTE Finance 9¾ 89	50	95⅞	96⅜	0	+0⅛	10.39
General Motors 9⅜ 86	100	97⅞	98⅛	+0⅛	+0⅛	9.88
Gould Int. Fin. 9⅞ 85	50	97⅞	98⅜	0	+0⅛	10.18
Hoechst Fin. XW 6¾ 89	125	78¼	78¾	+0⅛	+0⅛	10.12
Hudson Bay Co. 10 94	50	98¾	99¼	0	+0⅛	10.72
ITT Antilles 9½ 89	75	95¾	96¼	+0⅛	0	10.15
Kennecott Int. 9½ 86	100	95¼	95¾	0	+0⅛	10.47
Manitoba 9⅞ 89	75	96¾	97¼	+0⅛	+0⅛	10.00
Nat. Des Telecm. 9¾ 86	100	97⅞	98⅜	+0⅛	+0⅛	9.88
New Brunswick 9¾ 94	75	98⅛	98⅝	0	+0⅛	10.22
Newfoundland 10 94	50	98¾	99¼	0	+0⅛	10.14
Norsk Hydro 9¾ 94	50	94⅞	95⅜	+0⅛	+0⅛	9.92
Norway 9¾ 84	150	100⅛	100⅝	0	+0⅛	9.84
Norway 9½ 84	150	99⅜	99⅞	+0⅛	+0⅛	9.85
Nova Scotia Pwr. 9¾ 89	50	97¼	97¾	0	0	10.15
Occidental Fin. 10½ 86	50	99⅝	100⅛	+0⅛	0	10.26
Orient Leasing 9½ 86	25	95⅝	96⅛	0	+0⅛	10.36
Pennwalt O/S F. 9¾ 84	25	98⅛	98⅝	0	+0⅛	10.17
Pepsico Cap. 9¼ 84	100	97⅞	98⅛	+0⅛	+0⅛	9.79
Portland 10 84	50	97¼	97¾	−0⅛	+0⅛	10.68
Quebec Hydro 10 99	75	95½	96	0	0	10.51
Radland Fin. XW 9½ 91	25	90½	91¼	−0⅛	−0⅛	10.90
Sears Roebuck 9 82	150	97⅞	98⅜	0	+0⅛	9.83
Statoil 9⅝ 89	100	97¼	97¾	—	—	10.05
Stockholm 9¾ 94	50	99⅛	99⅝	+0⅛	+0⅛	10.04
Sweden 9½ 89	100	96⅞	97⅜	+0⅛	+0⅛	9.96
Sweden 9½ 86	200	98¾	99¼	+0⅛	+0⅛	9.84
Unilever NV 9¼ 87	100	96¼	96¾	0	0	9.90
Warner-Lambert 9 84	100	96⅞	97⅜	0	+0⅛	9.76

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	90½	91	0	+0⅛	7.94
Argentina 7½ 89	150	95⅞	96⅜	−0⅛	+1¼	8.08
Banco Desarrollo 7¾ 86	100	95⅛	95⅝	+0⅛	+0⅛	8.12
Barclays O'seas 6¾ 89	100	97⅞	98½	−0⅛	+0⅛	7.05
Brazil 7¾ 87	150	96⅞	97⅜	−0⅛	+0⅛	7.74
Brazil 8 87	150	101⅛	101⅝	−0⅛	+1⅛	7.74
CECA 7 91	150	98⅛	98⅝	−0⅛	+0⅛	7.17
Copenhagen City 6 90	75	91⅛	92⅛	−0⅛	−0⅛	7.08
Council of Eur. 7¼ 88	100	99⅝	100⅛	−0⅛	+0⅛	7.24
Denmark 5¾ 85	100	94⅞	95⅜	0	+0⅛	6.83
Denmark 6½ 89	100	94¾	95¼	−0⅛	0	7.24
EIB 6½ 91	200	94⅞	95⅜	−0⅛	+0⅛	7.17
EIB 7½ 88	200	101½	102	−0⅛	+0⅛	7.24
Eletrobras-Brazil 7 87	100	97¼	97¾	+0⅛	+3	7.46
Eurofima 6½ 89	100	98⅛	98⅝	0	+0⅛	6.64
Finland 6 83	150	99¼	99¾	−0⅛	+0⅛	6.09
Mogal Fin. 7 89	150	†98½	99	0	−0⅛	7.19
Mitsubishi Chem. 6½ 84	70	101	101½	−0⅛	+0⅛	6.18
New Zealand 6¾ 87	200	99⅞	100⅜	−0⅛	+2¼	6.22
Nippon Kokan 6½ 84	100	99	99½	0	−0⅛	6.65
Nippon Tel. & T. 5½ 87	100	93½	94	−0⅛	0	6.60
Nordic Inv. Bk. 6¾ 86	60	96¼	96¾	+0⅛	+0⅛	6.91
Norges Komm. 7¾ 91	150	104⅛	104⅝	−0⅛	+0⅛	7.19
Norway 6¾ 84	200	101⅛	101⅝	−0⅛	−0⅛	6.86
Occidental 6¾ 90	150	94¼	94¾	−0⅛	+0⅛	7.48
OKB 6½ 88	100	97⅛	97⅝	0	+0⅛	6.88
OKB 6 87	40	†94¾	95¼	+0⅛	+1⅛	6.87
Tokyo Elec. Pwr. 6½ 85	200	98⅞	99⅜	−0⅛	0	6.73
Venezuela 6½ 90	150	89⅞	90⅜	−0⅛	0	7.85
World Bank 6¾ 86	400	93¾	94¼	−0⅛	−0⅛	7.15
World Bank 7¾ 91	400	102⅞	103⅜	−0⅛	+1	7.34

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	96	96½	+0⅛	−0⅛	6.03
Asian Dev. Bank 3½ 94	100	85	85½	−0⅛	−0⅛	4.85
Aumar 5 89	60	102	102½	−0⅛	+0⅛	4.73
Austria 3½ 93	100	90⅛	90⅝	0	−0⅛	4.39
Australia 3¾ 89	250	95⅛	95⅝	+0⅛	+0⅛	4.18
Bergen, City of 4¾ 91	40	†102	102½	+0⅛	+0⅛	4.52
Brazil 4¾ 88	100	95⅛	95⅝	+0⅛	−0⅛	4.88
Canada 3¾ 89	300	96⅛	96⅝	+0⅛	+0⅛	4.07
Council of Eur. 4¼ 90	100	101⅛	101⅝	0	+1⅛	4.09
EIB 4½ 91	100	100⅛	100⅝	+0⅛	+0⅛	4.44
Horon 4¾ 89	35	†96	96½	+0⅛	+1	4.74
ICI Fin. NV 3½ 94	230	†89½	90	+0⅛	−0⅛	4.47
Malaysia 4¾ 90	80	97	97½	+0⅛	−0⅛	5.07
New Zealand 3½ 94	120	†90½	91	+0⅛	+0⅛	4.37
Nordic Bank 5 89	45	†102¼	102¾	+0⅛	+0⅛	4.70
OKB 3¾ 91	100	†90½	91¼	+0⅛	+0⅛	4.77
Pfand Ost. Lande 4 90	80	94¾	95¼	+0⅛	+0⅛	4.60
Philippines 4¾ 89	50	96⅛	96⅝	−0⅛	−0⅛	5.25
Sandvik 4 90	85	†96	96½	+0⅛	−0⅛	4.43
Spain 4 91	100	94	94½	+0⅛	+0⅛	4.65
Stewoon 4¾ 91	60	101⅞	102⅜	+0⅛	+0⅛	4.60
Voest-Alpine 4¾ 89	90	102¼	102¾	−0⅛	−0⅛	4.44
World Bank 4¾ 89	100	103	103½	−0⅛	−0⅛	4.24

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86½	87	−0⅛	−0⅛	7.87
Australia 5.6 83	30	94⅞	95⅜	+0⅛	+0⅛	7.00
Australia 6½ 88	20	90⅝	91⅛	0	0	8.03
Finland 5.6 83	10	93⅞	94⅜	+0⅛	+0⅛	7.39
Finland 6.8 88	10	90⅞	91⅜	0	0	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅞	97⅜	+0⅛	+0⅛	9.82
Avco Fin. 10½ 86 C$	25	96⅞	97⅜	0	0	11.13
Ex. Dev. Cpn. 10 84 C$	50	98⅝	99	0	0	10.32
Fst. Can. Inv. 10 84 C$	50	97	97½	−0⅛	−0⅛	10.74
Hudson Bay 10½ 89 C$	60	98⅞	99⅜	0	−0⅛	10.85
Quebec 10½ 86 C$	50	96⅞	97⅜	+0⅛	0	10.88
R. Bk. Canada 10 86 C$	40	99	99½	0	−0⅛	10.14
R. Bk. Canada 10 94 C$	40	98⅛	98⅝	0	−0⅛	10.12
Copenhagen 6¾ 91 EUA	25	88	89	−0⅛	+0⅛	8.40
Komm. Inst. 7½ 93 EUA	15	94⅞	95⅞	−0⅛	−0⅛	8.12
SDR France 8½ 94 EUA	24	†98½	99	+0⅛	+3⅛	8.58
SOFTE 8¾ 89 EUA	40	95¾	96⅛	−0⅛	−0⅛	8.85
Algemene Bk. 8½ 83 Fl	75	91¾	92¼	0	+0⅛	8.88
CFE Mexico 7¾ 83 Fl	75	98	98½	+0⅛	+0⅛	8.87
EIB 7¾ 85 Fl	75	92¼	93	−0⅛	+0⅛	8.89
Ned. Middbk. 8¾ 84 Fl	75	99⅞	100⅜	+0⅛	+0⅛	8.20
New Zealand 8¾ 84 Fl	75	91⅞	92⅜	−0⅛	+0⅛	8.70
Norway 8¾ 84 Fl	100	98⅛	98⅝	−0⅛	+0⅛	8.53
Elf Aquitaine 9¾ 88 FFr	150	91	92	0	+0⅛	11.24
Euratom 9¾ 87 FFr	150	91⅞	92⅛	0	+0⅛	11.25
Norway 9¾ 84 FFr	200	93¾	94¼	+0⅛	+0⅛	11.60
PSA Peugeot 9¾ 87 FFr	175	91	92	0	+0⅛	11.46
Renault 9¾ 86 FFr	100	93½	94⅛	0	+0⅛	11.27
Saint-Gobain 9¾ 86 FFr	130	91¾	92¼	0	0	11.85
Solvay et Cie 9¾ 87 FFr	125	91¼	92¼	0	+0⅛	11.39
Total Oil 9¾ 87 FFr	150	89½	90½	0	+0⅛	11.31
Chicorp 10 93 £	20	82½	83⅛	0	−0⅛	11.65
EIB 9¾ 88 £	25	80⅞	81⅛	−0⅛	−0⅛	11.45
EIB 11½ 91 £	25	94¾	94⅞	−0⅛	−0⅛	12.17
Finance for Ind. 13 91 £	15	102	102½	0	−0⅛	12.57
Fin. for Ind. 12¾ 89 £	30	99¼	99⅞	0	−0⅛	12.89
Gen. Elec. Co. 12¼ 89 £	50	100⅛	100⅝	+0⅛	+0⅛	12.38
Indonesia 8¾ 91 KD	7	†98	98½	—	—	8.89
Mitsubishi 7½ 84 KD	10	†97½	98⅛	—	—	8.03
Norges Kom. 7¾ 89 KD	12	†96½	97½	—	—	7.98
Occidental 8½ 91 KD	7	†96⅛	96⅝	—	—	8.73
Euratom 8 87 LuxFr	500	96⅝	97⅝	0	−0⅛	8.61
Norges Km. 8 86 LuxFr	500	95¾	96¾	0	+0⅛	8.78
Oslo, City of 8 89 LuxFr	500	97½	98½	0	−0⅛	8.33
Solvay Fin. 8 85 LuxFr	500	95¾	96⅝	0	−0⅛	8.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89	0¾	98⅛	99	11/1	11	11.14
BNDE 6 89	0¼	96½	97¼	21/9	11¼	11.48
Banco di Roma 6 87	0¼	98¾	98⅞	26/10	11.19	11.38
Bco. Nac. Argent. 7 86	0¾	97¼	97¾	22/9	11½	11.78
Banco Prov. BA 7½ 86	0¼	98½	99	12/6	11	11.0
Banco Urquijo 6 88	0¼	97⅞	98⅜	21/9	11⅛	11.72
Bank of Tokyo 5½ 93	0¼	99	99½	18/10	11¼	11.32
Bq. Ext. d'Alg. 7½ 85	0⅛	95¼	95¾	2/11	11⅞	12.43
Bque. Indo Suez 5¾ 89	0¼	98⅞	98⅞	11/1	11	11.16
Banque Sudameris 6 87	0¼	97½	98	11/1	11¼	11.38
BNP 5½ 91	0¼	99⅛	99⅝	22/2	11½	11.49
Citicorp O/S Fin. 6 94	†0¼	99⅞	100⅛	8/9	10.69	10.70
Creditanstalt 5½ 91	†0¼	98⅝	98⅞	14/9	10⅞	11.03
GZB 5½ 89	†0¼	98½	99	1/11	11.44	11.58
Gotabanken 6 88	0¼	98½	99	15/5	11½	11.65
Ind. Bk. Japan 5¾ 85	0¼	99¾	99⅞	1/12	10.94	10.98
Jugobanka 8 88	0¼	95⅞	96⅛	23/11	11⅞	12.37
LTCB Japan 5¾ 85	0¼	99½	100	9/10	11⅛	11.69
LTCB Japan 5½ 89	0¼	99	99½	7/12	11⅛	11.21
Mfrs. Han. O/S 5¾ 94	†0⅛	99½	99¾	23/8	11.19	11.24
Nacional Fin. 6½ 86	0¼	97⅞	98⅜	25/1	11½	11.72
Nat. West. 5¾ 94	0⅛	98¼	98¾	11/10	11	11.17
Nippon Credit Bk. 5½ 85	0⅛	99⅞	100	22/12	10.94	10.98
Nippon Credit Bk. 5½ 86	0⅛	98⅞	98⅞	12/1	10⅞	11.05
Petro Mexicano 7 84	0¼	99½	99¾	24/1	11.44	11.48
Privredna-Banka 8 86	0¼	95½	96⅛	20/12	11.58	12.06
Royal Bank Scot. 5¾ 94	†0⅛	98½	99	11/10	11	11.14
Sogenal 5¾ 89	0⅛	97⅞	98⅛	11/1	10.94	11.15
Texas Int. Airways 7 86	†0¼	98⅛	98⅝	11/10	11.56	11.57
TVO Pwr. 9 91 (D-lock)	0⅛	97⅞	98⅝	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	†0¼	97½	98⅛	29/9	11.14	11.38
Bq. E. d'Alg. 4¾ 89 SF	0⅛	97½	97⅞	18/12	4⅞	4.37

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	174	94¾	95½	−0¼	−6.28
Ciba-Geigy O/S F. 4 94	9/79	675	84¼	85¼	−0½	0.01
Credit Suisse 4¾ 93	10/79	1325	105⅛	106⅛	−0¼	4.54
Esselte 7¾ 89	9/79	159	97½	98	+0⅛	−4.01
Honda Motor 5½ 89	5/79	532	98½	99¼	−0⅛	1.78
LPC Internatnl. 8 89	9/79	35	101½	102½	−0¼	14.68
Nitto Elec. Ind. 6 94	7/79	735	82¾	83¾	0	3.97
Fujitsu 5 84 DM	7/79	475	100⅛	101⅛	+1¼	22.75
Kansai Elec. 4 84 DM	4/79	1350	88½	89½	−0¼	48.02
Marudai Food 3½ DM	2/79	1033	80¾	81¾	+0⅛	47.11
Nippon Ysn. 3½ 85 DM	1/79	251	114½	115½	+1	−3.05
Nissan Diesl. 3½ 86 DM	2/79	477	84½	85½	+0⅛	17.55
Olymp. Opt. 3½ 85 DM	2/79	702	93	94	+1¼	1.67
Sharp Cpn. 3½ 86 DM	2/79	487	87½	88½	+0⅛	7.58
Tokyo Elec. 3½ 87 DM	4/79	476	80⅞	81⅞	+0⅛	49.09
Tokyu Ld. Cp. 4 88 DM	4/79	493	84	85	0	23.79

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

WEST GERMAN INVESTMENT IN THE U.S.

Chasing a lower wage structure

BY ROGER BOYES IN BONN

GRIPPED by something akin to the old Wild West pioneering spirit, more and more West German companies are looking for equity stakes in American concerns. It is an investment climate which spawns its fair share share of rumours—the speculation surrounding the Volkswagen-Chrysler link-up is a case in point—as well as ill-starred deals. But the wide range of German industries that are showing interest in the U.S. testifies to the real advantage of direct investment.

The main German investors in the U.S. come from the chemical and motor industries, from steel and engineering concerns, from property investors and insurance companies. And figures recently released by the IFO research institute demonstrate that the drift to the U.S. is not just a passing fashion.

The North American share of total West German overseas investment increased from 15.6 per cent to 21.6 per cent between 1974 and 1978. But between 1978 and 1981, 41.3 per cent of West Germany's planned investment is expected to go to the U.S. and Canada. The loser in all of this is Europe, and anticipated investment in EEC countries is expected to fall to 32.5 per cent by 1981.

West German investment in the U.S. now totals over DM 8bn ($4.36bn). This is still only half of U.S. investment in Germany, but the gap is narrowing rapidly. New West German investment in the U.S. last year totalled over $1bn against U.S. investment in Germany of $478m.

One initial conclusion to be drawn from these figures is that both Europe and West Germany have become less attractive investment propositions for German companies. The high West German wage costs—now well above those of the U.S. in most sectors — the fears of future import restrictions, and escalating transport costs have all put pressure on margins.

The U.S., by contrast, can once again be seen as a land of opportunity. The U.S. market is less saturated in many sectors, and returns on investment can be better and quicker than in Europe or the developing countries. Direct investment is a way of guaranteeing companies' U.S. market share at a time when the dollar-Deutsche-Mark fluctuations can suddenly make German exports uncompetitive. And even the political uncertainties in the U.S. seem to highlight the need for on-the-spot production, if only to guard against a sudden about-turn on import policies.

The labour cost factor is particularly important in German chemical companies' decisions to invest in the U.S. Bayer, Henkel and Hoechst have wholly owned subsidiaries in the U.S., and find that they can operate with fewer overhead labour costs—the proportion of non-productive to productive labour is much smaller—and that the lower fringe payments can help to secure margins.

Average West German labour costs, at DM 20.6 per hour, are now among the highest in the West—a clear 18 per cent above the average cost in the U.S. Moreover, chemical industry wages are well above the average, with hourly labour costs averaging out at DM 30 per hour. This includes a hefty frange benefit component—including holiday bonuses, savings schemes and low-price housing—which is substantially smaller in the U.S.

The trend for most West German companies has been to search out medium-sized U.S. concerns whose business complements their own world-wide business plans. Thus Flick, which has a German subsidiary engaged solely in developing new energy technologies, has bought its way into chemicals group W. R. Grace (29.6 per cent) and U.S. Filter (34.5 per cent) an engineering group which specialises in energy-related fields.

Flick plans to concentrate its energy plans on coal gasification projects and on the use of biological waste products, and both U.S. subsidiaries slot conveniently into the programme.

But a German company which enters the U.S. market in a field in which it is already active runs the risk of stumbling against the American Anti-Trust laws.

The U.S is generally not favoured by those German companies which are diversifying away from their main product group The exception to this appears to be the supermarket trade, which can offer German companies a ready-made infrastructure and open up outlets for own products. This seemed to be the reasoning behind the Heinrich Bauer Verlag's recent (and unsuccessful) bid for Winn's, which controls a chain of 150 Texas department stores. Bauer is one of Germany's leading magazine publishers, but has long been faced with near-saturation in the German market.

It is still not clear if Bauer wants to become a publishing force in the U.S.—apparently the ambition of its rival Gruner und Jahr, which recently made an offer for the Brown Printing Company of Waseca, Minnesota. But if it is thinking on these lines, then a chain of outlets in one state would have been a useful way of launching a magazine and sampling reader response. Bertelsmann, which has a 75 per cent stake in Gruner und Jahr, also has a 51 per cent holding in Bantam Books, the U.S. publisher.

The immediate precedent for German companies moving into the U.S. supermarket field appears to be Tengelmann's recent purchase of 42 per cent of the troubled Great Atlantic and Pacific Tea Company.

Under the Tengelmann regime, A and P will spend $12.5m on opening 50 limited assortment food stores similar to those operated by Tengelmann in Germany. These will be run by a West German executive. As the Tengelmann deal demonstrates, investment in the U.S. presupposes a considerable confidence in both the product and in the superiority of German management.

By drastically cutting overheads, Tengelmann for example hopes to produce a rapid shift to profitability in A and P's sprawling inner city stores. There is, however, a high degree of risk in buying into weak companies and applying German techniques. Indeed, the doubts of MAN's shareholders about the financial strength of White Motor was a strong factor in the collapse of the proposed deal between the German engineering concern and the U.S. truck producer.

A group of West German investors is to acquire Furrs, a supermarket chain based in Texas and New Mexico. The American company has been operating under bankruptcy proceedings since May 26, and the West German syndicate is to repay debts of $56m.

The German syndicate is headed by Herr W. Liebbrand, *the prinicpal partner* in the food retailing co-operative Rewe-Leibbrand, which controls some 800 stores throughout Germany. The co-operative plans a maximum investment in the American group of 25 per cent, with the Leibbrand family picking up the balance.

If approved, the deal will be Rewe's first merchandising operation in the U.S. The German group has no plans to alter the management of Furrs and would retain the existing stores chain, according to Furrs' chief executive, Mr. Patrick J. Murphy.

Mystery buying of Ansett

By James Forth in Sydney

A STRUGGLE for control of Ansett Transport Industries, the major airline, transport, hotel and television group, appears to have erupted on the stock exchanges. Ansett shares were heavily traded on the market yesterday, and closed 13 cents up at A$1.58.

Over the past month the price has risen from A$1.30, with two transport groups—the Sydney-based, Thomas Nationwide Transport (TNT) and the Western Australian-based, Bell Group—buying. A third unidentified buyer appeared to enter the market yesterday, operating through the Melbourne sharebroking firm, J. B. Were and Son.

TNT made an unsuccessful takeover bid for Ansett in 1972, and ended up with a 23 per cent shareholding in the group. TNT reached an agreement under which its voting rights were restricted to 10 per cent of the capital.

In the past 12 months TNT had reduced its holding to around 13 per cent, but resumed purchases when the Bell Group began buying, and now holds about 15 per cent. The Bell Group currently holds around 6 per cent.

Speculation on a takeover move on Ansett has grown since the collapse earlier this year of the finance company, Associated Securities, in which Ansett had a 43 per cent interest.

Japanese oil refiner in debt

BY RICHARD C HANSON IN TOKYO

THE MAJOR *shareholders in* Toa Kyseki, the oil refiner, are negotiating a shift in ownership and management responsibility in the financially troubled company, which has run up debts of Y51.4bn (C$240m). The changes will eventually affect the position of the Kyoseki parent company, Toa Oil, which itself has debts of Y7.2bn.

C. Itoh and Co. which owns 38.85 per cent of Toa Oil (and jointly with Toa Oil 64.17 per cent of Toa Kyoseki) is talking with another oil refiner, Nippon Mining, on a takeover of responsibilities for Toa Kyoseki. Nippon Mining itself is the largest shareholder in the joint oil product distribution company, Kyodo Oil, which was a co-founder of Toa Kyoseki in September 1973, along with C. Itoh, and currently holds a 33.4 per cent interest.

These complicated relationships between refiners and distributors were established in 1965 under the guidance of the Ministry of International Trade and Industry, which tried to rationalise the Japanese owned refining industry, to make it more competitive with foreign companies.

The ministry directed that Kyoydo Oil be established to distribute the output of other "Japan flag" refiners, including its refiner owners. Toa Oil *sells its products* through Kyodo but is not a shareholder.

Toa Kyoseki and Toa Oil refining capacity combined amounts to only 200,000 barrels per day, which is small compared with the total Japanese capacity of 5m barrels a day.

Once the Toa Kyoseki case is cleared up, with ministry approval, it is being suggested that Toa Oil ownership will be transferred to Showa Oil, a refiner in the Shell Oil group. Toa presently has no equity ties with Showa, but is under contract to refine 50,000 barrels a day for Showa utilising its excess capacity.

Japan depends on foreign affiliates for about half its *refined oil products,* with Japanese refiners in turn getting about 65 per cent of their oil through the oil company majors. This dependency will probably drop to below 50 per cent by the end of the year as a result of supply cuts by the majors, forcing greater dependence on direct supplies from oil producing countries.

Daiwa Bank Singapore

DAIWA BANK, of Japan, is to upgrade its representative office in Singapore to a branch this year, AP-DJ reports from Singapore.

Downturn for Carlton Paper

BY JIM JONES IN JOHANNESBURG

AN UNFAVOURABLE product mix and increased operating costs which could not be passed on in higher prices hit first-half turnover and operating profit of Carlton Paper, South Africa's largest producer of paper tissues. However, despite this set-back, Mr. Basil Landau, the chairman, is confident that an improvement will be recorded during the second half.

For the six months to June 30, 1979, Carlton, which is 78.1 per cent-owned by Kimberley-Clark South Africa, has reported a 2.8 per cent fall in turnover to R26m ($30.7m), compared with last year's first-half figure of R26.7m and with R53.9m for the whole of 1978. However, last year's first-half turnover was *artificially boosted* by heavy trade buying ahead of the imposition of a 4 per cent general sales tax. Higher costs led to a 25.3 per cent operating profit drop from R4.17m to R3.12m ($3.7m).

Mr. Landau's projection of better second-half performance is based on the securing of substantial export orders, offering improved equipment utilisation, and a consequent reduction in overheads, and the fact that with effect from August 1, average prices have been increased by 8 per cent.

Underlining the management's confidence, an increase in the interim dividend from five cents to six cents has been announced, from earnings per share of 11.8 cents against 14.2 cents. In 1978, on earnings for the year of 26.3 cents, dividends totalling 13 cents were declared. In Johannesburg, Carlton's shares are currently trading at 170 cents.

Loss mounts at French state tobacco group

By David Watts in Paris

A DECLINE in French smokers' consumption was the main reason cited for a sharply higher loss last year at the state-owned tobacco monopoly SEITA (Service d'Exploitation Industrielle des Tabacs et des Allumettes). The group's operating deficit rose to FFr 302.6m ($71.2m) from FFr 161.8m in 1977.

A 15 per cent price increase granted by the Government in May last year offset a 2.3 per cent decline in the volume of French tobacco sales.

But the increase came too late and was too small to bring about an improvement in the group's financial situation, according to SEITA, whose brands include the best-selling Gauloises and Gitanes. The company said it also had to make large provisions to absorb rising raw material prices.

The decline in the market was attributed to higher prices and to the Government's anti-smoking campaign. The French authorities have come under attack recently from cigarette and tobacco importers, who say that limits set on advertising spending give SEITA an unfair advantage.

Sales rise forecast by German engineer

BY ROGER BOYES IN BONN

WEST GERMAN diesel motors, vehicles and industrial engineering group, Kloeckner-Humboldt-Deutz, expects a large increase in turnover this year but is clearly concerned about a drop in overseas orders in the first half.

In a letter to shareholders, the group indicated that turnover growth was back on course after a drop of DM 150m last year. The first half of this year showed a 14 per cent rise to DM 1.47bn ($802m). This pace should be maintained throughout the year, and the group anticipates a 1979 rise of DM 250m to DM 3.4bn.

The order books present a rather mixed picture. New domestic orders are up by only 1 per cent in the first half, but KHD believes that this figure has been artificially depressed and that the real increase is closer to 4 per cent. Overseas orders, however, are down by 13 per cent. This is believed partly to be the result of slackening demand from the OPEC countries, as KHD is engaged in large turnkey projects in the Middle East.

The profitable diesel division remains an important contributor to the order books—the German building boom has for example created a strong demand for high-speed engine sets.

Despite the drop in new orders, there seem to be no fears about full utilisation of manufacturing capacity during the second half. A 1 per cent rise in outstanding orders (which now stand at DM 2.8bn) will help to balance out the effects of slackening overseas demand.

KHD does not disclose specific half-year figures. In 1978, both parent company and consolidated results eased modestly—from DM 46.5m to DM 45.9m at the parent company level with the group as a whole emerging at DM 47.3m compared with DM 47.5m.

However, as a result of the improving outlook for 1979, the company felt able to increase its dividend for 1978. This was lifted to DM 7 a share from DM 6.

DNC lifts stake in Andresens

BY FAY GJESTER IN OSLO

DEN NORSKE Creditbank (DNC), Norway's largest commercial bank, has bought NKr 10m ($1.98m) worth of shares in a smaller bank, Andresens, from the Bank of Norway. The purchase increases DNC's stake in Andresens by 7.5 per cent to about 8.75 per cent, making it one of the largest shareholders.

DNC said that the deal had been undertaken both because it was a good investment at a favourable price (NKr 103.80 per share), and in order to help keep Norwegian bank shares in private hands. The bank denied that it was designed to pave the way for an eventual takeover of Andresens by DNC. Talks on a possible merger between the two banks were held a couple of years ago, but came to nothing.

Another aspect of the purchase is that it will save taxpayers' money. Under a new law to make Norwegian banks more "democratic," the Bank of Norway is obliged to buy bank shares, at a "fair" price (fixed by an independent board), if shareholders wish to dispose of them. This obligation extends until the end of 1980.

The Labour Government does not want to see the state become a big holder of bank shares, however, mainly because it does not want to tie up public money for this purpose. Official policy is to re-sell the shares to private interests, wherever this can be done without loss.

The Bank of Norway said that bank share redemptions under the law had recently declined. Following the sale of Andresens' shares to DNC, the Bank of Norway now holds only one large block of such redeemed shares—NKr 51m in Bergen Bank. This bank, Norway's second largest, had to cut its dividend for 1978 to 6 per cent from 9 per cent in 1977, following heavy losses on foreign currency dealings last year.

FUGIT funds Sasol subscription

By Our Johannesburg Correspondent

FIRST UNION General Investment Trust (FUGIT), the investment trust owned as to 65 per *cent by the insurance company,* Guardian-Liberty Life, has announced a one-for-five rights issue. This is aimed at providing funds to take up shares in the R525m ($620m) issue by Sasol, the South African oil-from-coal producer, details of which were announced late last month.

FUGIT will issue 12.42m shares, increasing its total of ordinary shares in issue to 74.52m.

On an issue price of 200 cents Sasol shares will yield an immediate 7 per cent on dividends. No details are available on how many shares FUGIT will be taking up, but the investment will apparently not be far out *of line with the company's* return on its portfolio in the year to December 31, 1978.

At end-1978 FUGIT's investment portfolio had a market value of R80.5m ($95m) on which a pre-tax profit of R5.0m was earned. Last year on earnings per share of 7.9 cents, FUGIT paid dividends totalling 6.75 cents. The price of the proposed rights issue will be announced on August 24. FUGIT's shares are currently trading at 125 cents in Johannesburg.

Wall St. 4.3 off at noon on inflation worries

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—24⅜% (24¾%)
Effective $2.2390—7½% (8¼%)

AS INVESTORS' thoughts were once more directed to the inflation problem, Wall Street continued in easier vein yesterday morning in moderate trading.

The Dow Jones Industrial Average receded 4.27 to 841.89 at noon, while the NYSE All Common Index lost 20 cents to $59.13 and declining issues outpaced gains by about a seven-to-four margin. Trading volume further decreased to 14.68m shares from last Friday's mid-day level of 15.55m.

Closing prices and market reports were not available for this edition.

Inflation was the most unfavourable factor in a U.S. purchasing agents' survey, with 85 per cent reporting higher prices compared with 79 per cent in June. It was the highest percentage for over five years.

One of the most active stocks, Itel, slipped ⅛ to $8¼. The company said last week that it expects a second-quarter loss of $60m.

Technicon rose ⅞ to $16½. Revlon has agreed in principle to acquire Technicon for stock and cash valued at about $40m. Revlon eased ¼ to $48¼.

Fotomat gained ⅞ to $8⅞. A Japanese concern has agreed to *buy slightly under 10 per cent* of the company's stock at $17.50 a share. The company also said it plans to suspend payment of dividends because of an expected decline in earnings for the year.

Sun advanced 1¼ to $60½. It *has agreed to buy about 5 per cent* of Carboline's stock at $30.75 a share and intends to make a tender offer for the remaining shares at the same price. Carboline eased ¼ to $29¼ bid.

THE AMERICAN SE Market Value Index shed 0.22 to 198.77 at midday on volume of 1.43m shares (1.60m).

Canada

Share prices in Montreal were mixed in lacklustre early trading, as the Composite index rose fractionally and only the Industrial sub-group index advanced, registering a rise of 1.06 at 260.99 at noon. Banks eased 0.56 to 317.41, Papers 0.33 to 174.45 and *Utilities 0.33 to 229.27.*

Toronto and the two other Canadian stock exchanges were closed yesterday for the Civic Day holiday.

Tokyo

Mainly small mixed movements were the order of the day yesterday in rather quiet dealings, with investors expressing some concern over the extent of the market's recent rise.

However, the Nikkei-Dow Jones *Average managed to harden 3.31* more to a new record closing high of 6,392.18. Turnover on the First Market section slowed to 200m shares, against last Friday's 340m and Saturday's half-day session total of 160m.

Shipbuildings were bought, along with Machinery Manufacturers, such as **Okuma Machinery Works.** Steels also drew investor attention on speculation that they may pay mid-term dividends in the September half-year for the first time in two years as a result of the recent recovery in their earnings, brokers added.

Mitsui Engineering and Shipbuilding improved Y5 to Y200, **Hitachi Shipbuilding** Y2 to Y150 and **Mitsubishi Heavy Industries** also Y2 to Y169.

In contrast, Oils, after the recent strong performance, reacted on profit-taking. **Nippon Oil** lost Y20 to Y1,630 and **Mitsubishi Oil** Y10 to Y385. Electric Power issues declined on expected poor earnings prospects.

Among irregular export-orientated stocks, **Sony** receded Y20 to Y1,920 and **Toyota Motor** Y4 to Y881, but **Fuji Photo Film** added Y5 at Y615 and **TDK Electronic** Y20 at Y1,760.

Germany

Mainly reflecting a lack of fresh buying orders, stock prices drifted easier in quiet conditions. The Commerzbank index, following an advance of 11.8 last week, shed 2.5 to 763.2.

Banks and some Electricals suffered the heaviest losses. Among Banks, **Bayerische Hypothekenbank** fell DM 4, **Deutsche Bank** DM 2.50 and **Beyerische Vereinsbank** DM 2.40. **Brown Boveri** and **Varta** each retreated DM 3.80 in Electricals.

Traders said Banks suffered from talk circulating on the trading floor that the Central Bank Council of the Bundesbank might adopt further credit-tightening measures on Thursday at its first session following the summer break.

KHD relinquished DM 2.90 in Engineerings, while Motors had **Volkswagen** down DM 3 and **BMW** off DM2. **Neckermann** receded DM 3 in Stores.

Public Authority Bonds remained in demand in quiet trading and firmed up to 55 pfennigs more. The Bundesbank sold a nominal DM 23.4m of paper in open-market operations after DM 47.3m sales last Friday. Mark-denominated Foreign Loans were steady.

Paris

The market remained in buoyant mood with a fairly active *business taking place.* The Bourse Industrials index climbed 1.1 further to a fresh 1979 peak of 88.3.

Operators said investors were selective, with a good deal of interest centred on Food and Electrical issues, notably **Martel, Mumm, BSN, Docks-France, Carrefour, Pernod, TRT, CIT-Alcatel, CEM, Machines Bull** and **Thomson Brandt.**

Carrefour were up FFr 53 at FFr 1,600 after announcing *higher first-half 1979 net sales.*

Other good performers included **Cetelem, Locafrance, Ferodo, Dumez, Ciments Francais, Lafarge, Sagem, Club Mediterranee, Perrier, Esso, Application-Gas,** and **Skis *Rossignols.***

However, Steel shares, notably **Sacilor** and **Vallourec**, as well as Stores, Chemicals and Oils were inclined to lose ground.

Amsterdam

There was a widespread improvement in stock prices, with brokers reporting buying interest from institutions and some foreign investors.

The whole market is coming up and this could continue for at least a couple of days, one broker commented.

Stocks in the International sector were helped by more steady rates for the U.S. dollar and sterling on the foreign exchange market. **Royal Dutch** gained 50 cents at Fl 147.80 and **Unilever** 80 cents at Fl 131.80.

Among Insurances, **Nationale Nederlanden** put on Fl 2.40, **Ennia** Fl 2.20 and **Amev** Fl 1.00, while Banks had **NMB** up Fl 2.30.

Elsewhere, **OCE-Van der Grinten** advanced Fl 2.80, **Pakhoed** Fl 1.90, **KLM** Fl 1.40 and **Elsevier** Fl 4.50.

Hong Kong

Market was closed for the First Monday in August holiday.

Australia

The Sydney stock market was closed for a local holiday, but the Melbourne exchange saw active trading with a fair number of gains occurring in the Minings and Oils sectors.

Western Mining advanced another 9 cents to A$2.78, while **BH South** rose 7 cents to A$1.88, **Renison Tin** 10 cents to A$11.50 and **Metals Exploration** 3 cents to 68 cents. **Utah**, A$3.80, and **Kathleen Investments**, A$4.50, put on 5 cents apiece, but **Queensland Mines** shed 5 cents to A$4.30. **Weeks Petroleum** climbed 30 cents to A$3.75.

Industrial leader **BHP** hardened 2 cents to A$9.34, while **CSR** gained 4 cents to A$3.46 and **Thiess** 10 cents to A$4.00.

Johannesburg

Gold shares closed with a firmer tendency after quiet trading despite lower Bullion prices. **Vaal Reefs**, however, declined R2.15 to R34.25.

Diamond leader **De Beers** put on 5 cents to R8.30, while Platinums had **Rusplat** 3 cents harder at R2.75. In Coppers, **Minorco** rose 30 cents to R3.70, with some dealers saying this was on account of New Commonwealth conference proposals for Zimbabwe Rhodesia.

Industrials edged ahead in places.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

NEW YORK

Stock	Aug. 3	Aug. 2
Abbotts Lab	35⅝	35¾
AM International	15⅞	15⅞
Adobe Oil & Gas	35¼	34⅞
Aetna Life & Ga.	32¾	33¾
Air Products	34	34⅝
Alcan Aluminium	33¼	33⅝
Alcoa	51	50¾
Alleg. Ludlum	23¼	22⅝
Control Data	43	42¾
Cooper Indus	58⅞	58⅞
Corning Glass	59¼	59¼
CPC Int'rnation'l.	54⅝	54¼
Crane Co	34	34¼
Crocker Natl	34⅛	35¼
Crown Zellerb'h	36⅝	36⅝
Cummins Engine	34¼	33⅝
Curtiss Wrigth	15⅛	15¼
Johns Manville	26¼	26⅝
Johnson Johnson	72½	72½
Johnson Control	27⅞	27½
Jostens	19⅝	20½
Joy Manufacturg	33	33⅜
K. Mart	26	26
Kaiser Alumini'm	18½	18½
Kaiser Industries	2½	2½
Kaiser Steel	39⅞	40
Kaneb Services	17⅜	17¼
Revlon	48¼	47⅞
Reynolds Metals	34	34
Reynolds (R.J.)	61¼	61⅛
Rich'son Merrell	24¼	[illegible]
Rockwell Inter.	38⅞	38⅞
Rohm & Haas	45	46
Rolm	32¼	31⅞
Royal Dutch	73⅝	73⅝
RTE	10⅛	10⅝
Ross Togs	10	10
Williams Co.	20⅜	20⅝
Wisconsin Elect.	25⅝	25⅝
Woolworth	25¾	26
Wyly	5⅝	5⅜
Xerox	64⅜	64¾
Zapata	19⅛	20⅜
Zenith Radio	13	13⅛
U.S. Treas. 4% 80	†97	†97
USTreas4¼%75/85	†83¼	†83¼
U.S. 90 day bills	9.37%	9.25%

CANADA

Stock	Aug. 3	Aug. 2
Union Gas	11⅜	11⅞
Untd Siscoe Mnes.	10⅛	10¼
Walker Hiram	39¼	39¼
West Coast Trans	14⅝	14⅞
Weston Geo.	24⅝	24½

† Bid. ‡ Asked. § Traded. ¶ New stock.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	14 %
Allied Irish Bank Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

Indices

NEW YORK —DOW JONES

	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 27	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
◆ Industr'ls	846.16	847.95	850.34	846.42	838.74	839.76	878.72 (10/4)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	85.88	85.88	85.80	85.76	85.51	85.58	85.38 (2/8)	82.82 (8/5)	—	—
Transport.	254.97	256.53	256.72	254.58	252.09	251.79	256.72 (1/8)	205.78 (27/2)	278.88 (7/2/69)	12.23 (8/7/32)
Utilities	108.02	108.15	108.45	108.80	108.02	108.15	108.80 (31/7)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	28,150	37,770	36,930	34,480	28,550	27,800	—	—	—	—

◆ Day's high 850.51 low 842.32

	July 27	July 20	July 13	Year ago (approx)
Ind. div. yield %	5.75	5.83	5.78	5.47

STANDARD AND POORS

	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 27	1979 High	1979 Low	Since C'mpil'n High	Since C'mpil'n Low
‡Indust'ls	114.86	115.02	115.17	114.77	114.07	114.05	116.59 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	104.04	104.10	104.17	103.81	103.15	103.10	104.47 (3/7)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 1	July 25	July 18	Year ago (approx)
Ind. div. yield %	5.22	5.54	5.32	4.76
Ind. P/E Ratio	8.07	7.99	7.87	9.78
Lond Gov. Bond Yield	8.91	8.91	8.92	8.45

N.Y.S.E. ALL COMMON

Aug. 3	Aug. 2	Aug. 1	July 31	1979 High	1979 Low
59.33	59.35	59.36	59.14	59.36 (1/8)	53.88 (27/2)

Rises and Falls	Aug. 3	Aug. 2	Aug. 1
Issues Traded	1,852	1,871	1,873
Rises	657	821	885
Falls	742	655	580
Unchanged	453	395	408
New Highs	70	120	102
New Lows	4	4	4

MONTREAL

TORONTO Composite

JOHANNESBURG Gold Industrial

FRIDAY'S ACTIVE STOCKS

GERMANY ◆

Aug. 6	Price DM.	+ or —	Div. %	Yld. %
AEG	45.8	—0.1	—	—
Allianz Versich.	467.5	—2.5	31.2	3.3
BHF-BANK	200		26.12	7.0
BMW	186	—2	26.12	7.6
BASF	137.5	—0.3	18.75	6.8

TOKYO ¶

Aug. 6	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	[illegible]		14	2.0
Canon	615	+3	12	1.1
Casio	705		25	1.7
Chinon	310		20	3.2
Dai Nippon Print	588	+1	18	1.5
Fuji Photo	615	+5	15	1.2

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

COPENHAGEN ♣

MILAN

VIENNA

AUSTRALIA

PARIS

BRAZIL

STOCKHOLM

OSLO

JOHANNESBURG

SPAIN ♥

COMMODITIES and AGRICULTURE

Sharp drop in Irish cattle sales

By Stewart Dalby in Dublin

IRELAND IS experiencing a sharp drop in cattle and beef exports this year. With dairy products, beef and cattle account for more than 80 per cent of agricultural exports from the country and agricultural exports are now something under half of total visible exports.

For the first four months of this year, cattle exports dropped by 43 per cent, and beef sold abroad fell by 22 per cent, according to the Central Statistics Office.

The main reason for the decline was depletion of stocks as farmers sold off to take advantage of high EEC prices last year. The situation was apparently compounded by the affect of the winter on grass growth and milk yields.

It is being predicted that milk production this year will fall from last year's 15 per cent increase to one of only 5 per cent.

Recently, the Central Bank estimated that the value of agricultural exports would rise by only 4.4 per cent in 1979 because of the decline in volume exports plus the EEC's virtual price freeze.

Indian crops hit by monsoon floods

NEW DELHI — Widespread monsoon floods have destroyed standing crops in about 4,800 square kilometres of Bihar and Uttar Pradesh, the Press Trust of India reported.

In other Uttar Pradesh districts, crops were ruined because of drought.

Brahm Prakash, Agriculture Minister, described damages in western Rajasthan state last month as "colossal."

About 200,000 cattle were killed in Rajasthan and about 16,000 square kilometres of fertile land ruined because of sand left behind by receding waters.

About 50 per cent of the maize crop had been destroyed or damaged in the Poonch area near the Pakistani border, and heavy rains and floods were reported in western Gujarat state and central Maharashtra.

Reuter

General fall in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

SILVER "POISONING" brought a general decline in London metal markets yesterday. The fall in silver and gold triggered off nervous selling that also brought losses in copper, lead, tin and zinc. Gold was marked down by over $5.25 to $282.125 an ounce, while the silver spot quotation at the morning fix was cut by 6.35p to 390.2p an ounce.

As a result, copper prices moved lower, despite a bigger than expected fall in warehouse stocks. The decline of 3,600 tonnes in copper stocks cut warehouse holdings to 171,950 tonnes—the lowest level since March 1975 and a fall of over 200,000 tonnes this year alone.

Cash wirebars, however, eased to close £5 lower at £838.5 a tonne.

Lead fell back sharply after losing some of the spectacular gains made on Friday. Cash lead, which jumped by £56 on Friday, fell by £26 yesterday to close at £559 a tonne.

Early rumours of a substantial fall in warehouse stocks of lead, which boosted prices in early trading, proved to be unfounded. Instead, stocks rose by 525 tonnes to 23,300 tonnes. It was thought that recent renewal buying by Communist bloc countries might result in a stocks fall.

Although this did not materialise, supplies available to the market remain scarce and the cash price is at a premium to the three months quotation.

Dealers said the dramatic rise in prices last week, especially on Friday, was due to sudden buying interest revealing a very oversold market. Once the uptrend was started, merchants and speculators had to cover previous sales and the rise then triggered off chartist buying.

Another rise in tin stocks, up by 275 to 4,810 tonnes, helped depress prices with cash tin closing £60 lower at £6,550 tonnes. Zinc was also down despite a fall in stocks of 525 to 57,450 tonnes.

Aluminium stocks rose by 1,875 to 20,000 tonnes, and nickel by 618 to 5,340 tonnes. LME silver holdings were unchanged at 17,910,000 ozs.

Tough tin pact talks expected

BY WONG SULONG

KUALA LUMPUR—The forthcoming negotiations on the sixth International Tin Agreement in Geneva will be tough, because of the strong divergent views among producers and consumers on a number of issues, according to Mr. Peter Lai, chairman of the International Tin Council.

Mr. Lai said these issues include whether there should be export control, the voting structure of the Tin Council, the size of the buffer stock, and whether the buffer stock price range should be rigid or float with the market (as recommended for the proposed International Rubber Agreement).

Mr. Lai felt there were several weaknesses in the fifth Tin Agreement. One of these was that the five-year timespan of the agreement was too short.

Previous tin agreements had been too preoccupied with the question of the price range and Mr. Lai would like emphasis to be given to studies on consumption, production trends and investment prospects for the tin mining industry.

He said he expected China and Brazil to join in the negotiations of the Sixth Agreement. But whether they would become members would depend on the outcome of the talks.

A Malaysian tin industry delegation will visit Bolivia next month as part of the growing contacts between the world's two biggest producers.

The team will also visit Washington and London for discussions on the proposed U.S. tin stockpile releases and related matters.

Meanwhile, Reuter reports from Jakarta that Indonesia will call for fellow tin-producing countries to withdraw from the International Tin Agreement, and establish their own OPEC-style production and price cartel, if the U.S. refuses to drop its demands for elimination of export controls and export restrictions.

Sirman Widiatmo, marketing director of the State-owned P. T. Timah Tin, said he would urge formation of a cartel at next year's tin agreement meeting if the U.S. persists in its anti-supply management stance.

Common Market wheat glut warning

BY CHRISTOPHER PARKES

WITHOUT a change in policy, the European Community's wheat surplus could double in the next 10 years. To avoid the extra cost and embarrassment, the EEC has to hold down prices and make the grain more attractive to domestic consumers, a newly published study claims.

High prices are blamed for encouraging overproduction, particularly of low-quality wheat not suited to milling and too expensive to be fed to livestock.

The study estimates that even if the Nine's cereal acreage remains unchanged, and if prices are maintained at present levels in relation to other crops, wheat production will increase 20 per cent by 1985.

This would raise the Community's wheat surplus from between 4m and 5m tonnes a year to around 8m to 10m tonnes. It could be even more if consumption of wheat by the animal feed compounding industry continues to decline.

The report concludes that only restraint on prices and a re-arrangement of price relationships among the common grains in Europe can remove the risks of escalating surpluses.

Although it is unlikely that much of the maize now imported could be replaced by home-produced grain EEC wheat and barley — properly priced — could be substituted for much of the other grain and cereal substitutes coming in from the rest of the world.

The report also suggests that as well as adjusting prices, the EEC administration should also regulate grain quality more strictly, particularly barley.

Cereal production in the EEC and the International Market, Agra Europe Special Report No. 4. from Agra Europe, 16 Lonsdale Gardens, Tunbridge Wels, Kent TN1 1PD. £20 post paid.

Russia buys wheat from Australia

By Our Commodities Staff

THE USSR has bought 2m tonnes of Australian wheat, Sir Leslie Price, chairman of the Australian Wheat Board, announced in Melbourne yesterday.

The purchase, for shipment between January and July 1980, is in addition to the 930,000 tonnes deal reported in mid-June which pushed Soviet wheat purchases from Australia this season to just over 1.2m tonnes.

Following a bad harvest, the Soviet Union is estimated to require grain imports totalling about 30m tonnes over the coming year.

Last week the U.S. announced it was willing to sell the USSR 10m tonnes of wheat over the next 14 months.

Canada has also agreed to ship a large quantity under a new deal.

In Sydney, meanwhile, a Wheat Board spokesman said Australia was not negotiating a wheat sale to Iran. He was commenting on a Radio Iran report quoting Reza Sadr, the Commerce Minister, as saying that Iran planned to buy wheat from Turkey and Australia "to break the U.S. monopoly" in wheat supply to his country.

Ban on Swiss commodity group lifted

LAUSANNE—Swiss commodity merchant Wiscope SA. has welcomed a U.S. court appeals decision setting aside a Commodity Futures Trading Commission (CFTC) order which had barred it from dealing in U.S. commodity futures markets.

Wiscope had already obtained a temporary stay on the CFTC order last March and a spokesman said it intended to continue normal dealing in U.S. futures markets.

Last March Wiscope issued a statement denying it had been accused of any price rigging on the New York Coffee and Sugar Exchange or elsewhere.

It said then the only issue with the CFTC was over a conflict of laws affecting a routine request for information. Wiscope said disclosure to the CFTC would be a breach of Swiss law.

Reuter

NAMIBIA FISHING

Better prospects for 200-mile fish zone

BY JOHN STEWART IN CAPE TOWN

THE SOUTH AFRICAN State President is to be asked to proclaim a 200-mile exclusive economic zone for Namibia, and it is reliably understood that the Pretoria Government is ready to accede to the request.

Because of the territory's indeterminate international status, neither the newly-formed National Assembly nor the Administrator-General is constitutionally competent to make laws that will alter the status of the country—in this case by extending territorial sovereignty.

But in terms of a 1977 amendment to the Constitution Act, the State President may extend to Namibia the powers taken under Proclamation 180 of 1977, the instrument South Africa used to proclaim a 200-mile regime from the Orange River mouth in the west to Ponto d'Oro in the east.

Although the Namibian inshore fishery has been under severe pressure for a number of years and the principal canning species, the pilchard, has at times been close to commercial extinction, Pretoria resisted calls to set up a 200-mile exclusive zone in Namibia at the time because it feared such a move would have been considered provocative and prejudicial to Western initiatives to achieve a negotiated settlement in the territory.

Conditions have changed appreciably since then, both on the fishing grounds and on the *diplomatic front. The two* questions are not unrelated, except that the danger of a unilateral declaration of wider territorial integrity being seen by the international community as a *prelude* to a political UDI has receded.

There is ample evidence to support the fact that the maximum sustainable yield of the pelagic fishery has declined from about 1.5m tons to barely 300,000 tons. South Africa must accept responsibility for the appalling deterioration of the fishery.

As the licensing authority since 1969 it failed to respond to danger signals by leaving untrimmed the total allowable catch of *nearly* 1m tons a year when the resource clearly could not support such a level of effort.

But now that the authorities have introduced stringent conservation measures to save the resource (by curtailing the activities of the shore-based industry), it is clear the rescue operation will not succeed unless controls are extended to all trawler operators at all levels.

In Windhoek, Namibia's capital, and Pretoria, it is argued that political grounds for international protest against a 200-mile regime are slender. In fact, the proclamation could be presented as an act of responsible stewardship by Pretoria, in defence of one of Namibia's main pillars of prosperity.

At present, Namibian sovreignty extends a mere 12 miles—six miles territorial plus six miles fishing.

Although this would normally be sufficient to protect the *interests of the shore-based* pelagic fishery, efforts by the authorities to restore the fortunes of the industry by strict conservation measures are being hampered by the intrusion of foreign distant water trawler operators who are known at times to have taken pilchard in addition to their normal white fish activities.

Although most of the nations active in Namibian waters are signatories to the International Convention for the South-East Atlantic Fishery (ICSEAF) and adhere strictly to the rules, lack of overall control does result in sporadic incursions by outsiders.

Official sources in Windhoek say a 200-mile regime would not prejudice the ICSEAF convention or the interests of signatories but would merely create scope for closer surveillance.

However, it is not yet clear whether Namibia will seek to amend the convention by subjecting foreign operators to a system of licensing as South Africa has done. The licence would be subject to payment of a tax consideration to cover policing expenses.

Patrol work will probably be carried out by South Africa since Namibia does not have international recognition at this stage.

According to the FAO yearbook of fishery statistics for 1977, the Soviet Union took 222,156 tons of hake and 52,095 tons of pilchard in the Namibian zone, while Poland took *9,398 tons of pilchard.*

In that year there was a staggering increase in landings of horse mackerel. Namibian companies took 82,513 tons, the Soviet Union 436,108 tons, *Poland 85,690 tons* and Bulgaria 31,133 tons.

Signatories to the ICSEAF agreement are Angola, Bulgaria, Cuba, France, East Germany, West Germany, Israel, Italy, Japan, Poland, Portugal, South Africa, Spain and the USSR.

Surge forecast in world oilseed output

FINANCIAL TIMES REPORTER

WORLD PRODUCTION of the 10 major oilseeds is likely to increase by 9 per cent, to 168.65m tonnes in 1979-80, from 154.66m in 1978-79, Oilworld, the Hamburg publication, forecast this week.

Total supply, adding estimated major carryover stocks, is also estimated to increase by 9 per cent to a record 180.92m tonnes from 166.29m. Carryover stocks are estimated to rise to 12.27m tonnes from 11.63m.

In 1978-79 world production increased by about 8m tonnes and the forecast 1979-80 rise is far above any average increase of the past.

In the past 10 seasons average annual production has increased by 5.65m tonnes or 4.9 per cent and, on the average of the past five seasons, by 4.9m tonnes or 3.8 per cent.

The unusually sharp expansion of supplies of soyabeans and other oilseeds comes at a time when demand is slowing. At this early stage, Oilworld said it expects world usage of oilseeds to increase only by 3m to 5m tonnes.

If this early forecast is fulfilled, carryover stocks will almost double to a record of between 22m and 24m tonnes at the end of next season.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on balance on the London Metal Exchange after a day of erratic movements. After rising to £850 following the larger-than-expected fall in stocks, forward metal fell back to £842.5 on the morning kerb, reflecting hedge selling and selling prompted by the weakness of silver and gold. This selling continued in the afternoon with forward metal easing further to £838 before a late rally followed the decline by sterling which left the price at £845.5 on the late kerb. Turnover 14,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	833-4	-11.25	838-9	-5
3 months	842.5-3	-10.75	847.5-8	-4.5
Settlem't	834	-11		
Cathodes				
Cash	805-7	-10.5	812-13	-3.5
3 months	825-6	-11.25	830-2	-3.5
Settlem't	807	-10		
U.S. Smt.			*84-87	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £834, 33.5, three months £849, 48, 46, 45, 44, 43, 42.5. Cathodes, three months £825. Kerb: Wirebars, three months £842, 41. Afternoon: Wirebars, three months £843, 44, 45, 46, 43, 44, 45, 46, 47, 48, 47.5. Kerb: Wirebars, three months £847, 46, 45, 46, 46.5, 45, 46, 46, 46, 47.

TIN—Lower in subdued trading. After opening at £6,570 forward standard metal fell to £6,520 following hedge selling. On the morning kerb and in the afternoon the price picked up, however, to close at £6,550 owing to the weakness of sterling. Turnover 690 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6490-500	-80	6540-60	-80
3 months	6515-35	-62.5	6560-80	-47.5
Settlem't	6500	-80	—	
Standard				
Cash	6480-500	-90	6540-60	-80
3 months	6510-20	-80	6550-60	-40
Settlem't	6500	-90	—	
Straits E.	$1900		—	
New York				

Morning: Standard, cash £6,520, three months £6,550, 30. Kerb: Standard, three months £6,530, 30, 40. Afternoon: Standard, three months £6,550, Kerb: Standard, three months £6,550, 40.

LEAD—Fell away. Forward metal moved erratically, opening at £556 and edging up to £559 before coming under hedge selling which depressed the price to £544. In the afternoon values fluctuated widely owing to currency movements with forward metal finally quoted at £544 on the late kerb. Turnover 4,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	564-5	+4	558-60	-28
3 months	545.5-6.5	-.5	541-2	-25
S'ment	565	+4	—	
U.S. Spot	—		*58-62	

Morning: Three months £555, 53, 52, 48, 47, 48. Kerb: Three months £546, 43. Afternoon: Cash £559, three months £539, 38, 39, 40, 41, 42, 43, 45, 44, 43, 42, 41. Kerb: Three months £544, 45, 47, 48.5, 46.

ZINC—Lower in quiet trading with forward metal edging up to £318 on the early pre-market, reflecting the initial gains in copper and lead, before falling back to the day's low of £309 in the rings. However, in the afternoon currency considerations saw the price lift to £315.5 on the late kerb. Turnover 2,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	301-3	-5.5	303-4	-5.75
3 months	313-4	-6.25	315-6	-5.75
S'ment	303	-6	—	
Primw'st	—		*59.5	

Morning: Three months £316, 15, 12, 10, 11, 12, 13. Afternoon: Cash £303, three months £313, 13.5, 15. Kerb: Three months £315.

ALUMINIUM—Held steady. Forward metal eased to £668 in the morning owing to lack of interest but recovered in the afternoon to close the kerb at £676 with the backwardation widening to around £7. Turnover 2,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	670-2	-3.5	677-8	+1.5
3 months	665.5-7	-4.75	671.5-2.5	+.5

Morning: Three months £669. Afternoon: Three months £667, 69, 70, 71, 72. Kerb: Three months £676.

NICKEL—Gained ground following the weakness of sterling which pushed forward metal up from £2,530 to £2,630 on the late kerb. Turnover 312 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2510-20	+10	2530-40	+55
3 months	2600-10	+40	2610-25	+80

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £2,510, early Aug. £2,590, three months £2,530, 50, 2,600. Afternoon: Three months £2,610, 20, 40, 30. Kerb: Three months £2,620, 30.

SILVER

Silver was fixed 6.35p an ounce lower for spot delivery in the London bullion market yesterday at 390.20p. U.S. cent equivalents of the fixing levels were: Spot 886.0c, down 14.2c; three-month 901.0c, down 15.6c; six-month 918.9c, down 15.7c; and 12-month 951.4c, down 16.8c. The metal opened at 395¾-397¾p (902-904c) and closed at 391.8-392.8p (877-879c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	390.20p	-6.35	390.0p	-6.8
3 months	399.80p	-6.85	398.7p	-8.4
6 months	410.30p	-7.85	—	
12 months	428.80p	-7.85	—	

LME—Turnover 335 (153) lots of 10,000 ozs. Morning: Three months 402.5, 2.8, 2.5, 2.3, 402, 1.8, 1.6, 397.5, 7.2, 7.5, 98, 97.6, 7.8, 98. Kerbs. Three months 398, 97, 98.5. Afternoon: Three months 399, 99.5, 98, 9.7, 9.5, 9.6, 9.5, 9.2, 99. Kerbs: Three months 399.2, 98, 98.5, 8.7, 99.

WOOL FUTURES

BRADFORD—Business associated with currency movements and the approach of holidays has subsided but the market has maintained some degree of the improved firmness.

LONDON GREASY—Close (in order buyer, seller only): Oct. 218.0, 33.0; Dec. 218.0, 38.0; March, May, July, Oct., Dec. are all 226.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): Oct. 181.0, 183.0, nil, nil; Dec. 181.0, 183.0, nil, nil; March 180.0, 189.0, 185.0, 24; May, July, Oct., Dec. 180.0, 191.0, nil, nil. Sales 24.

COCOA

In thin trading conditions cocoa futures remained steady, reflecting a further weakness in sterling coupled with Commission House short-covering, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
Sept	1596-1597	+24.0	1400-1577
Dec	1470-1472	+30.0	1472-1444
March	1519-1522	+31.0	1525-1490
May	1541-1542	+25.0	1544-1520
July	1560-1575	+26.5	—
Sep	1580-1600	+23.0	—
Dec	1600-1635	+18.0	—

Sales: 1,493 (1,121).

International Cocoa Organisation (U.S. cents per pound). Daily price: Aug. 3: 141.61 (140.16): Indicator price for Aug. 6: 15-day average 143.97 (144.29): 22-day average 145.56 (146.16).

COFFEE

After opening lower than expected, Robustas remained in a tight range but tended easier during a very quiet morning session, reported Drexel Burnham Lambert. For most of the afternoon values continued to drift lower but a sharp rally in New York futures inspired some fresh buying interest as the market made a £20 recovery but still finished with losses of up to £26 on the day.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1678-1679	-26.0	1700-1764
November	1692-1694	-22.5	1700-1675
January	1691-1682	-21.0	1700-1775
March	1653-1655	-19.0	1660-1648
May	1642-1645	-18.5	1646-1635
July	1632-1740	-18.5	1626
Sept	1624-1650	-8.0	—

Sales: 3,485 (2,273).

ICS indicator prices for August 3 (cents per pound): Other Mild Arabicas 192.0 (same); Robustas ICA 1976 179.50 (180.0); ICA 1968 179.75 (180.25). Unwashed Arabicas — — ? (180.25); Columbian Mild Arabicas 208.50 (207.0). Unwashed Arabicas 192.0 (same). Comp. daily ICA 1968 190.67 (190.58).

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept	91.50	....	86.65	+0.05
Nov	95.55	....	90.80	+0.10
Jan	99.90	....	95.15	....
Mar	103.30	....	98.70	-0.05
May	106.55	-0.10	101.95	....

Business done—Wheat: Sept. 91.45-91.40, Nov. 95.50-95.40, Jan. 99.90-99.80, March 103.25-103.25, May 106.70-106.50. Sales 89. Barley: Sept. 86.65-86.40, Nov. 90.75-90.55, Jan. 95.15-95.00, March 98.65-98.60, May 101.95-101.80. Sales 103.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 93.50, Sept. 94.50, Oct. 95.75, *transhipment East Coast. U.S. Hard* Winter, 13½ per cent, Aug.-Sept. 95.00, transhipment East Coast. EEC unquoted. Maize: U.S./French Aug. 107, Sept. 108, transhipment East Coast. S. African White unquoted. S. African Yellow Aug. 82.00 nominal. Barley: English Feed fob Oct.-Dec. 92, East *Coast. Sorghum: U.S./Argentine* unquoted. Oats: Scandinavian Feed unquoted.

HGCA—Location ex-farm spot prices. Feed barley: Eastern 82.40, E. Midlands 83.30, N. East 82.80.

The UK Monetary Coefficient for the week beginning July 13 is expected to *increase to 1.004.*

RUBBER

The London physical market opened easier with good interest at lower levels, closing on a quietly steady note. Lewis and Peat reported a Malaysian godown price of 284 (289.5) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept	57.70-58.90	57.35-57.90	—
Oct	58.70-59.50	58.15-58.30	—
Oct-Dec	59.70-59.90	58.80-59.20	59.50-58.60
Jan-Mar	63.00-65.05	61.95-62.05	63.00-61.35
Apr-Jne	65.55-65.50	64.30-64.40	65.20-65.75
Jly-Sept	67.80-67.90	66.80-66.90	67.00
Oct-Dec	70.50-70.55	69.15-69.40	—
Jan-Mar	72.70-72.75	71.80-72.00	72.80-71.80
Apr-Jne	75.10-75.25	74.30-74.35	—

Sales: 169 (151) at 15 tonnes.

Physical closing prices (buyer) were: Spot 57.0p (same); Sept. 62.75p (62.25p); Oct. 62.75p (62.50p).

SOYABEAN MEAL

The London soyabean meal futures market yesterday morning opened £1 higher, reported T. G. Roddick. Trade was dull and thin throughout the session coupled with featureless cash markets, and closed on the lows of the day.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	106.00-10.0	-0.30	—
October	112.50-15.5	-0.40	114.00
December	116.50-16.7	-0.60	118.20-16.00
February	118.00-18.5	-0.15	120.00-19.00
April	119.00-21.0	-0.40	—
June	120.00-22.5	-1.75	—
August	121.00-27.0	....	—

Sales: 30 (90).

SUGAR

LONDON DAILY PRICE (raw sugar): £99.0 (£97.0) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £101.0 (same).

Sellers were lacking during the morning and scattered Commission House buying lifted prices some 150 points above pre-weekend levels. Later, New York quotations turned sharply down and all the gains were lost, despite some short-covering which developed at the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Oct	105.00-05.00	105.00-05.55	106.80-05.00
Dec	110.50-10.70	110.50-10.55	111.70-10.25
March	117.00-17.20	117.25-17.30	118.25-16.60
May	120.10-20.35	119.50-20.30	121.25-19.75
Aug	124.10-24.25	124.50-25.00	
Oct	127.30-28.00	128.75-29.00	129.05-27.50

WHITE SUGAR—Close (in order buyer, seller, business, sales): Sept. 104.25, 104.35, 104.25-103.50, 385; Nov. 107.75, 108.00, 108.25-107.50, 183; Feb. 114.75, 116.00, nil, nil; April 118.75, 120.00, nil, nil; July 122.75, 123.50, nil, nil; Sept. 126.25, 129.00, nil, nil. Nov. 129.75, 134.00, nil, nil. Sales 568.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.55 (same) a tonne for home trade and £167.50 (£166.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 3: Daily price 8.60 (8.38): 15-day average 8.43 (8.42).

TEA AUCTION

LONDON—50,866 packages were on offer at yesterday's auction. Assams often gained several pence, except the few brokens on offer, which moved lower. Brightest Africans were dearer. Mediums were irregular but on balance firm to dearer. Plain descriptions were also irregular while Mozambiques, with better support, at times registered substantial gains. Sri Lanka teas opened dearer but later in the sale, inquiry weakened and prices closed lower. Price indications for the week: Quality 138p per kg (137p): Medium 107p (107p): Plain 63p (58p).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 66.0. Eire hindquarters 78.0 to 80.0, forequarters 39.0 to 42.0. Veal: Dutch hinds and ends 96.0 to 98.0. Lamb: English small 58.0 to 62.0, medium 56.0 to 60.0, heavy 52.0 to 58.0. Scottish medium 50.0 to 60.0. Imported frozen: NZ PL 49.0 to 49.5, PM 48.0 to 49.0. Pork: English, under 100 lb 35.0 to 43.0, 100-120 lb 35.0 to 42.0, 120-160 lb 34.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets week ending August 4: GB cattle 79.58p per kglw (-1.45). UK sheep 143.9p per kgestdcw (+2.6); GB pigs 58.1p per kglw (-1.6). England and Wales: Cattle numbers down 5.3 per cent, average price 78.94p (-1.07); sheep numbers up 12.0 per cent, average price 144.1p (+2.5), pig numbers down 1.8 per cent, average price 58.0p (-1.5). Scotland: Cattle numbers down 14.4 per cent, average price 81.84p (-2.46); sheep numbers up 34.3 per cent, average price 137.1p (-1.6); pig numbers down 8.1 per cent, average price 60.2p (-1.1).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—South African: Valencias 4.60-6.30; Brazilian: 3.60-3.80; Californian: 6.00-6.40. Lemons—Italian: 100/120's 5.50-5.60, *Spanis: Trays 30/40/45* 2.10-2.80; Argentine: 88/100/113 6.50-7.50. Grapefruit—Jaffa: Summer crop 4.30; South African: 27/72 3.70-5.70. Apples—South African: Granny Smith 5.80-6.50, Starking 4.00, Yorks 4.00-5.50, Golden Delicious 4.60-7.00; New Zealand: Red Dougherty 6.20-6.50, Granny Smith 7.80-8.00, *Sturmers* 5.00; *Tasmanian:* Sturmer Pippins 4.30-4.50, Crofton 5.50-6.00, Starking 5.20-6.00, Granny Smith 5.00-5.20; Victorian: Granny Smith 7.00-7.50, Democrats 6.00; Italian: Rome Beauty 0.09½, Democrats, per pound 0.09; French: Cardinal, per pound 0.08; Spanish: Golden Delicious 0.15-0.16. *Pears—Spanish: Limoneras, per pound* 0.12, Williams 0.16-0.17; French: Guyots, 28 lb 2.60-2.80, Williams 3.30-3.40, Italian: Williams, per pound 0.20. Plums—Spanish: Santa Rosa 2.60-3.60; Italian: Per pound Burbanks 0.25, French: Gages 0.20. Grapes—Cyprus: Cardinal, per pound 0.35, Sultana 0.25-0.28, Thompson 0.35, Alphonse 0.45, Rosaki 0.40. Nectarines—Italian: C/B/As' 3.20-5.00. Bananas—Jamaican: Per 26 lb 4.40. Avocados—South African: 3.00-3.60. Melons—Spanish: Yellow Honeydew 10 kg 5/14's 2.50-3.20. *Water-melons—Spanish Greek:* Per box 2.20-2.60. Onions—Spanish: 4.00-5.50; Maltese: 4.00. Tomatoes—Jersey: Per tray 0.80-1.00; Dutch: 1.20-1.30; Guernsey: 1.00-1.20. Cabbages—Dutch: White, net 6.00. Potatoes—Cyprus: 3.00-3.30. Capsicums—Dutch 2.80. Peaches—Italian: 1½ trays C's *1.80-1.90, B's 2.30-2.40, A's* 2.60-2.80.

English Produce: Potatoes—New crop per bag 1.90-2.40. Lettuce—Per 12 round 1.00-1.20, Cos 1.40, Webbs 1.40. Mushrooms—Per pound 0.70-0.80. Apples—Per pound Bramley 0.05-0.10, Grenadiers 0.05-0.07. Tomatoes—Per pound 0.80-1.00. Cucumbers—Trays 8.18's 1.40-1.60. Cauliflowers—12's Lincoln 1.50-2.50. Celery—Boxes 12/20's 1.50-1.80, large cartons 20/24's 3.00-3.20. Gooseberries—Per pound 0.20. Levellers 0.25-0.30. Cherries—Per pound 0.50-0.70. Peas—Per pound 0.09-0.10. Broad Beans—Per pound 0.05. Onions—Per bag 4.00. Carrots—Per bunch 0.06, per bag 0.80-1.50. Beetroot—Per bag 1.30-1.50. Marrows—Per 18's 0.60-0.80. Capsicums—Per pound 0.20. Swedes/Turnips—Per 25/28 lb 1.00-1.70. Beans Stick—Per pound 0.15-0.20.

★

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.50, codlings £2.80-3.20; large haddock £3.80-£4.00, medium £3.00-£3.50, small £1.80-£2.20; large plaice £4.50-£5.00, medium £4.40-£5.00, best *small £3.70-£4.40; large skinned dogfish* £8.00, medium £4.50; large lemon soles £5.00, medium £3.00; rockfish £2.90-£3.30; saithe £2.20-£2.50.

COTTON

LIVERPOOL—Spot and shipment sales *amounted to 221 tonnes. A little more* enterprise was shown by operators but only scattered contracts were secured, mainly in African and Middle Eastern styles with Russian and Turkish predominating.

PRICE CHANGES

* Nominal † New crop. ‡ Unquoted.

	Aug. 2 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cs)	$1525/1545	......	$1,485/50
Copper			
Cash w'bar	£838.5	-5	£799.5
3 mths	£847.75	-4.5	£817.25
Cash Cathode	£812.5	-3.5	£777.5
3 mths	£831	-3.5	£800
Gold troy oz	$282.125	-5.25	$288.125
Lead cash	£559	-26	£511
3 mths	£541.5	-23	£584.5
Nickel	£2854	......	£3,225.4
Freemkt (cif) (lb)	$255/275c	......	250/80c
Platin'mtr'y oz	£165.5	......	£165
Free mkt	£169.30	-1	£187.85
Quicksil'ver	$290/310	......	$270/80
Silver troy oz	390.20p	-6.35	403.0p
3 months	399.80p	-6.85	414.4p
Tin Cash	£6,550	-60	£7,152.5
3 mths	£6,555	-40	£6,904
Tungsten	$143.12	......	$140.17
Wolfrm 22.04 cif	$135/142	+1.5	$138/144
Zinc cash	£303.5	-5.75	£334
3 months	£315.5	-5.75	£346.5
Producers	$780	......	$845
Oils			
Coconut (Phil)	£1,060	......	$1,155
Groundnut	‡	......	‡
Linseed Crude	£395	......	£408
Palm Malayan	$655	-2	$689
Seeds			
Copra Philip	$710	......	$735
Soyabean (U.S.)	$317.5	+1.25	$337.7
Grains			
Barley Futures	£90.80	+0.10	£91.70
Maize			
French No3AM	£107.0	......	£107.5
Wheat			
No. 1 Red Spg.	£93.50	+1.5	£101.25
No2HardWint.	£95.0	+1.0	£103.5
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,491.5	+24	£1,579.5
Future Dec	£1,471	+30	£1,479.5
CoffeeF't'r Nov	£1,693	-22.5	£1,855.5
Cotton A.index	76.85c	......	76.9c
Rubber (kilo)	57.0p	......	61.0p
Sugar (Raw)	£99.0	+2.0	£102.0
Wooltp's 64s kl	263p	......	268p

* Nominal. † New crop. ‡ Unquoted. m In tonnes, unless otherwise stated. s Aug.-Sept. r Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, August 6.

THE GRAINS and soya complex registered further sizeable declines as ideal weather conditions continued. Lack of commercial support has brought the grains down to a new low on this move. Strength in the dollar put the precious metals on the defensive, with silver down the limit. Heavy pressure also developed in the livestock complex. Coffee was sharply lower on lack of support because of return of warm temperatures in Brazil. Sugar, cocoa and cotton were all moderately lower, awaiting market news which would provide direction. Copper was moderately higher on short-covering, Heinold reported.

Coffee—Sept. 184.50 (196.96), Dec. 185.03 (187.78), March 182.50, May 182.00, July 180.63, Sept. 180.50, Dec 181.00.

Copper—Aug. 84.30 (83.80) Sept 84.90 (84.50), Oct. 85.10, Dec. 85.45, Jan. 85.55, March 85.95, May 86.15, July 86.35, Sept. 86.55, Dec. 86.80, Jan. 86.85, March 86.90, May 86.95, July nil.

*Gold—Aug. 281.40 (286.30), Sept. 283.00 (287.90), Oct. 285.40, Dec. 290.40, Feb. 295.30, April 300.10, June 304.90, Aug. 309.40, Oct. 314.00, Dec. 318.60, Feb. 323.00, April 327.40, June 331.80.

Sugar—Sept. 8.69 (8.90), Oct. 8.99 (9.18), Jan. 9.64, March 10.03, May 10.30, July 10.61, Sept. 10.98, Oct. 11.15.

*Platinum—Aug. 377.00 (383.50), Sept. nil (382.00), Oct. 377.80, Jan. 380.80, April 385.00, July 392.80, Oct. 398.30, Jan. 404.00.

Potatoes (round whites)—Nov. 64.2 (65.1), March 86.5 (88.0), April 10.35, May 12.43.

†Silver—Aug. 877.0 (897.5), Sept 884.5 (904.5), Oct. 892.5, Dec. 906.8, Jan 913.4, March 926.7, May 939.8, July 952.8, Sept. 966.0, Dec 985.0, Jan 991.6, March 1004.7, May 1017.8. Handy and Harman bullion spot 873.50 (895.50).

Tin—883.0-895.0 asked (690.0-700.0).

CHICAGO, August 6.

Lard—Chicago loose 25.00 (same)

New York prime steam 26.50

Live Cattle—Aug 57.45-57.40 (58.62-57.42), Oct. 56.65-56.60 (57.85-56.57), Dec. 58.65-58.80, Jan. 61.00-61.10, Feb. 61.15-61.05, April 63.20-63.15, June 63.30-63.15, Aug 64.80, Oct. 64.10, Dec. 65.70. Sales. 32,793.

Live Hogs—Aug 34.55-34.65 (34.20-34.60), Oct 32.25-32.40 (32.27-32.32), Dec 32.90-33.10, Feb 34.70-34.65, April 34.05, June 38.20-38.10, July 38.45-38.75, Aug. 37.00, Oct. 36.25. Sales: 5,948.

‡‡Maize—Sept. 277-277½ (280), Dec. 274-274½ (27½), March 284-284½, May 289½-289¾, July 291½, Sept 287.

Pork Bellies—Aug. 29.05-29.15 (29.55-29.10), Feb. 39.05-39.25 (38.87-39.20), March 38.60-38.75, May 40.70, July 41.80-41.90, Aug. 40.60. Sales: 8,592.

Silver — Aug. 874.0-873.0 (894.5), Sept. 880.1 (900.1), Oct. 889.1, Dec. 905.2, Feb. 919.3, April 931.7, June 944.3, Aug. 957.1, Oct 970.1, Dec. 983.3, Feb. 996.7, April 1010.3, June 1024.1, Aug. 1038.1, Oct. 1052.3, Dec 1066.7, Feb. 1081.3, April 1096.1, June 1111.1, Aug. 1126.3.

‡Soyabeans—Aug. 695-694 (714½), Sept 700-698 (717½), Nov 701-690, Jan. 714, March 725½-725, May 734, July 740, Aug 736.

‖Soyabean Meal—Aug. 187.00-186.00 (190.90), Sept. 189.00-188.30 (192.90), Oct. 190.30-190.00, Dec 192.20-192.00, Jan. 193.50, March 196.00, May 197.50, July 198.00-198.30, Aug. 199.30-199.80, Sept. 199.00-200.0.

Soyabean Oil — Aug. 26.75-26.00 (27.20), Sept. 26.30-26.25 (26.67), Oct. 25.90-25.95, Dec. 25.65-25.61, Jan. 25.65-25.70, March 25.75, May 25.90, July 25.90, Aug. 25.90, Sept. 25.75-25.85.

‡Wheat—Sept. 408-408 (411½), Dec. 418½-416½ (422½), March 423½, May 422-423, July 401, Sept. 406.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. * Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 6.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug.-Sept. $194. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter spot $183, Sept $183, Oct. $188, Nov. $191. U.S. No. 2 Northern Spring, 14 per cent, Aug. $190, Sept $191, Oct. $192, Nov. $194, Dec. $202.

Maize—U.S. No. 3 Corn Yellow afloat $139.50, Aug. $139.50, Sept. $140, Oct.-*Dec $142.50, Jan.-March $148, April-*June $151.75.

Soyameal—44 per cent protein U.S. Aug $232, Sept 238 traded, Aug. $232, Sept $233, Oct $244, Nov.-March $250, April-Sept. $252. Brazil Pellets afloat $235, Aug $236, Sept. $244, Oct. $251, Nov. $266.

PARIS, August 6.

Cocoa (FFr per 100 kilos)—Sept. 1330-40, Dec. 1380-90, March 1430-40, May 1430, July 1420, Sept 1416. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 997-99, Nov. — —, Dec. 1039-45, March 1128-32, May 1155-67, July 1170-90, Aug. 1180-2005, Oct. 1195-1220. Sales at call 2.

INDICES

FINANCIAL TIMES

Aug. 3	Aug. 2	M'nth ago	Year ago
281.49	279.26	296.48	255.25

(Base: July 1, 1952=100)

MOODY'S

Aug. 3	Aug. 2	M'nth ago	Year ago
1056.0	1057.2	1095.2	914.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 3	Aug. 2	Month ago	Year ago
Spot	396.78	395.91	416.86	353.45
F'tur's	403.94	402.89	428.00	343.62

(Average 1924-25-26=100)

REUTERS

Aug. 6	Aug. 5	M'nth ago	Year ago
1545.0	1541.9	1600.7	1429.6

(Base: September 18, 1931=100)

Undertone holds steady to firm despite disappointing inflationary implications of wholesale price indices

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

After another day of limited trade, London Stock markets retained last Friday's steady to firm undertone despite the rise in July's wholesale price indices and their implications of further upward pressure on the rate of inflation.

A little firmer for most of the day, British Funds gave the appearance of turning easier in the late afternoon but the absence of sellers and the presence of small buyers at the lower levels left the market basically unchanged.

Narrow price movements in leading equities throughout the session were again well illustrated by the FT 30-share index, which held within a trading range of less than two points for most of the day; this measure of the market turned a little better in the after-hours business and, at 459.6, closed with a rise of 2.1 after having been 0.2 off at 10 am and a net 0.8 up at 3 pm.

The market thus maintained its recent phlegmatic showing in the face of warnings about falling manufacturing output, exports, profits and investment, and the slight turn for the better in the wake of yesterday's late weakness in sterling may well have reflected some lessening of fears about the recent heavy squeeze exerted by the pound's strength on company profit margins.

Features in equities largely mirrored special situations, company announcements made and pending and Press comment. Rises in FT-quoted industrials outnumbered falls by about 3-to-2 for the fourth successive business day, but the total number of bargains, 13,477, declined to another low since the figure was introduced a *couple of months ago.*

British Funds held up extremely well, particularly in the *face of the rise in the July wholesale price indices* and the late setback in sterling. Long-dated stocks fluctuated around Friday's closing levels before settling with losses ranging to ¼, while falls in the shorts were mostly limited to ⅛. Trading conditions throughout the session *were extremely quiet.*

Rhodesian bonds made headway following the new British initiative, the 2½ per cent improving 4 to 93 and the 6 per cent, 1978-81, putting on 5 to 130.

A reasonable business was transacted in the investment currency market with institutional interest evident. However, the premium moved within narrow limits before closing a *fraction harder at 24⅞ per cent.* Yesterday's SE conversion factor was 0.9275 (0.9209).

Traded options activity was again at a low ebb, reflecting the quiet equity market. A total of 222 contracts were completed against Friday's 258 and last week's daily average of 273. **Grand Metropolitan** attracted the lion's share of business with 86 trades.

Banks quiet

The major clearing banks got the week off to a quietly firm start. **Midland** improved 4 to 362p and **Barclays** 3 to 435p, while **Lloyds**, 292p and **NatWest**, 330p, hardened 2 apiece. Down 19 last week in reaction to the disappointing interim figures, **Grindlays** remained friendless *and eased a penny more to 90p.* **Standard Chartered** found support on the latest news from Lusaka and put on 7 to 452p. Among Hire Purchases, **Lloyds and Scottish** revived with an improvement of 4 to 112p but, ahead of tomorrow's preliminary results, **UDT** softened a penny to 40p.

Insurances tended to move *higher in thin trading.* Lloyds brokers made the running with **C. E. Heath** and **Minet** both closing 4 dearer at 187p and 121p respectively; **Stewart Wrightson** hardened 3 to 180p and **C. T. Bowring** edged forward 2 to 110p. Among Composites, **General Accident** improved 2 to 212p as did **Royals**, to 337p; the former's interim results are due next week.

Following the further Board changes and the poor performance from the company's chain of Bermudan hotels which contributed to the unexpected annual loss, **Belhaven** plummeted 8 to 34p. Elsewhere, Breweries traded quietly although a little late buying lifted prices above Friday's closing levels. **Bass**, 228p, and **Whitbread**, 138p, added 2 apiece. Speculative interest *was again shown in* **Matthew Clark**, 6 up at 154p.

Although the underlying trend in Buildings was firm, the leaders barely stirred from Friday's closing levels. Selected secondary issues attracted interest, however, and **Parker Timber** added 5 to 182p following Press comment high-lighting bid possibilities. **Howard Shuttering**, despite the slightly disappointing annual profits, improved 2 to 23p on dividend considerations. In contrast, speculative favourite **Mallinson-Denny**, at 64p, gave back nearly all of Friday's gain of 4½, while profit-taking clipped 10 from **Burnett and Hallamshire**, 465p. Housebuilders **Barratt Developments** found support and put on 3 to 114p and, ahead of tomorrow's interim results, **Comben** hardened a penny to 35p. News that Ferguson Industrial had increased its stake in the company to 10.48 per cent had no apparent effect on **Breedon and Cloud Hill Lime** which held at 117p.

Business in **ICI** remained thin, but the shares improved 4 to 327p; the interim results are due on August 23. Among other *Chemicals, further interest* was shown in **Allied Colloids** which added 2 to 110p, while **Ellis and Everard** improved a penny to 92p, after 93p, in response to the annual results.

Stylo Shoes started the week in the same firm manner as it had finished the old, rising 10 to a 1979 peak of 206p on further speculative buying on asset value considerations and bid hopes.

Leading Stores made a firm showing with **Gussies "A"** 4 to the good at 400p following Press comment. **Burton "A"** added a similar amount to 250p and **Marks and Spencer** hardened a penny to 112p.

Despite the paucity of business, *Electrical leaders* were inclined harder with **GEC** improving 3 to 361p and **Plessey** a few pence to 110p. Among secondary issues, **Sound Diffusion** responded to Press mention with a rise of 7 at 126p, while satisfactory preliminary results prompted a gain of 2 to 94p in **Ward and Goldstone**. Occasional support lifted **Wholesale Fittings** 5 to 355p, while smaller-priced *issues to attract buying interest* included **Suter**, a penny dearer at 27p, and **Concord Rotaflex**, 2 firmer at 42p. **Unitech**, however, eased 2 to 182p awaiting today's preliminary statement.

With the exception of **Hawker Siddeley**, which edged up 4 to 192p, little of note developed in the Engineering leaders. Elsewhere, **Mining Supplies** advanced to 92p on speculative buying before settling at 88p for a rise of 6 on the day. Favourable weekend Press mention lifted **Averys** 10 to 242p, while **Spirax-Sarco** hardened 2 to 202p for a similar reason. **ML Holdings** improved 2 further to 175p following comment on the annual results and **Acrow "A"** rallied 4 more to 55p awaiting today's preliminary statement. In contrast, **Wm. Cook Sheffield** came on offer and shed 3½ to 29p, while other dull spots included **Yarrow**, 5 down at 385p, and **United Engineering**, 3 cheaper at 83p.

Foods traded with a firmer bias, **Northern** adding 4 to 112p and **A. B. Foods** improving 2 to 83p. Among Supermarkets, **Associated Dairies** moved up 5 to 267p, while **Bejam** put on 4 to 70p and **Tesco** 1½ to 78½p, the last-named in response to favourable Press comment. **Cullens** put on 4 to 136p and the A 6 to 134p as speculative interest revived. **Joseph Stocks** rose 15 more to 170p in a limited market; last year, the annual results were announced on August 24.

Toy shares good

Buyers came for Toy shares in miscellaneous industrials following Press comment. **Dunbee-Combex** stood out with a rise of 6 to 62p, after 64p, while **M. Y. Dart**, 48p, **Lesney**, 50p, and **J. W. Spear**, 153p, all improved 3; **Cowan de Groot** edged forward a penny to 86p, after 87p in front of today's results. Following the announcement that bid discussions had been terminated because its controlling shareholders had rejected 61p per share, dealings in **Evode** were resumed 11 below the suspension price of 51p and, after easing further to 39p, finally closed at 40p. Nervously sold last Friday ahead of the announcement **Wilson Walton** picked up 3 to 18p following the preliminary statement. Auctioneers **Sothebys** and **Christies International** came on offer, the former closing 9 off at 325p and the latter 3 down at 122p. **Stocklake** put on 4 to 82p following news of the Rhodesian constitutional proposals and **Anglo-American Asphalt** put on 2½ to 34½p in response to the optimistic remarks about current-year trade which accompanied the poor preliminary figures. Still reflecting an investment recommendation, **Pentland** improved 1½ more to 30p, while a revival of speculative buying lifted **Ofrex** 4 to 126p. Ahead of the interim report, due to be announced on August 15, **Unilever** firmed 6 to 510p while, among other quietly firm leaders, **Metal Box** closed a like amount better at 264p.

After Friday's reaction of 5 following the annual results, **Norton and Wright** slipped 10 to 153p. Elsewhere in the Leisure sector, **Horizon** firmed 3 to 198p ahead of interim results due today.

Still benefiting from last Thursday's annual meeting, **Jonas Woodhead** improved 2 at 99p for a two-day gain of 7. Elsewhere in barely tested Motors, *Lex Service responded to a* favourable Press, with a rise of 3 to 96p.

Movements of note among paper/printings were restricted to those with forthcoming trading statements. **Ault and Wiborg**, annual results due tomorrow, put on 3 to 45p, while **Olives Paper Mill** firmed 2 to 27p ahead of interim results which are expected on Monday. **David Smith**, on the other hand, slipped 2 to 76p in front of today's full-year statement. **Saatchi and Saatchi** rose 6 to close at 119p after favourable weekend Press comment.

With the notable exception of **Bernard Sunley**, which touched 497p before settling at 490p for a net gain of 5 awaiting bid terms from Eagle Star, Properties *passed an extremely quiet* session, but tended firmer in places. **Lynton** added 5 more to 175p in a limited market and, responding to favourable Press comment, **Dares Estates** put on 1½ to 27½p, after 28p.

British Petroleum rallied 10 further to 1185p in the Oil leaders where Shell continued to edge a little higher at 354p, up 4. Among secondary issues, **Oil Exploration** encountered scattered profit-taking after the recent speculative rise and reacted 4 to 356p, while late offerings left **Stebens (UK)** 8 cheaper at 254p. On the other hand, **Lasmo** met sporadic support at 232p, up 4, with the **OPS** 5 higher at 750p.

Buoyed by the latest moves for settlement in Rhodesia, **Lonrho**, on its strong African interests, rose a couple of pence to 70p.

Shipping shares were inclined firmer, **Hunting Gibson** improving 5 to 260p and **Ocean Transport** a penny to 92½p. Elsewhere, **Mersey Docks** eased 2 to 24p following adverse Press mention.

Among Financial Trusts, **Robert Kitchen Taylor** featured with a rise of 25 to 175p on speculative demand.

Secondary issues attracted the majority of interest in lacklustre Textiles. Press comment was good for gains of 2 in **R. Smallshaw**, 30p, and **Cawdaw**, 27p, while **Leigh Mills**, annual results due August 24, put on 3 at 32p.

Quiet Mines

Mining markets began the week in subdued fashion. Australians comprised the only section to attract any significant buying interest but this dried up in the late trading following rumours that the Bruce well on the North West Shelf had been abandoned; on July 31, **Stirling Petroleum**, the operator of the well, announced that minor indications of liquid hydrocarbons had been encountered.

Stirling Petroleum fell 3 to 9p, while **Magnet Metals**, which has a sizeable interest in the well, dropped 6 to 19p.

Elsewhere in Australians, **Western Mining** rose 4 to 149p *on continued institutional buying*, while other base-metal producers to gain ground included **BH South**, 5 up at 103p, **Conzinc Riotinto** and **MIM Holdings** hardened 2 to 188p and 182p respectively.

Gains of around 3 were seen in **Peko-Wallsend**, 292p, and **EZ Industries**, 178p, following news that the Australian Government is *to sell* its 50 per cent interest in the Ranger uranium project; Peko and EZ Industries hold the remaining 50 per cent.

South African Golds held steady *despite the $5.25 fall* in the bullion price to $282.125 an ounce. The Gold Mines index put on 1.7 to 148.4 and the ex-premium index 2.5 to 137.6.

Financials were marked down on lack of interest. **Anglo American Corporation** gave up 6 to 320p in front of the chairman's statement. Among the London-registered Financials, losses of around 3 were common to **Charter**, 133p, **Gold Fields**, 213p and **Rio Tinto-Zinc**, 270p.

Rhodesians showed little reaction to the proposals put forward at the Commonwealth Conference.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1300	12	18	50	11	76	—	1185p
Courtaulds	80	9		11	7	14	—	83p
Grand Met.	138	14	33	20	25	—		145p
Grand Met.	158	5	28	9	—			"
ICI	330	14		23	—	29	10	325p
ICI	360	4½	20	15	—			"
Marks & Sp.	110	10	6	14		18		112p
Marks & Sp.	120	6		9	32	13		"
Shell	325	29	1	32				352p
Shell	375	5	1	11				"
Totals			107		75		10	
		August		**November**		**February**		
BOC Intl.	70	4	20	6½		10		71p
RTZ	560	½	—	2½	10	—		270p
Totals			20		10		—	

FINANCIAL TIMES STOCK INDICES

	Aug. 6	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	A year ago
Government Secs.	72.70	72.79	72.65	72.60	72.24	72.46	71.02
Fixed Interest	73.64	73.70	73.60	73.42	73.75	73.88	72.35
Industrial	459.6	457.5	455.7	456.8	454.2	451.0	505.4
Gold Mines	148.4	146.7	150.1	148.5	152.4	158.1	190.1
Gold Mines(Ex-$ pm)	137.6	135.1	138.7	136.8	141.1	141.3	124.3
Ord. Div. Yield	7.01	7.05	7.07	7.06	7.08	7.09	5.34
Earnings, Yld. % (full)	17.77	17.90	17.94	17.91	17.89	17.98	15.21
P/E Ratio (net) (*)	7.06	7.02	7.00	7.01	7.02	6.98	8.94
Total bargains	13,477	13,999	14,071	15,044	16,327	16,066	—
Equity turnover £m.	—	62.98	68.12	74.32	81.73	71.10	96.55
Equity bargains total	—	9,419	10,552	10,360	11,691	12,285	12,079

10 am 457.3. 11 am 458.6. Noon 459.1. 1 pm 458.4.
2 pm 458.4. 3 pm 458.3.
Latest Index 01-246 8026.
* Nil=6.80.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (14/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/8)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (8/5)	95.2 (2/11)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Aug. 6	Aug. 3
—Daily—		
Gilt Edged	142.5	121.7
Industrials	108.1	107.1
Speculative	18.6	25.1
Totals	75.9	72.0
5-d'y Av'r'ge		
Gilt Edged	138.5	135.1
Industrials	121.4	128.6
Speculative	23.1	24.3
Totals	81.7	85.2

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (18)

BRITISH FUNDS (1)
Treas. 3pc 1979

COM'WEALTH & AFRICAN LOANS (2)
S.Rhod. 2½pc 65-70 S. Rhod. 6pc '78-81

FOREIGN BONDS (1)
Hungarian '24 Ass.

STORES (1)
Peters Stores

FOODS (2)
Assoc. Brit. Foods Stocks (J.)

INDUSTRIALS (1)
Cowan de Groot

LEISURE (1)
Photax (London)

PROPERTY (2)
Lynton Hldgs. Sunley (B.)

SHOES (1)
Stylo Shoes

TEXTILES (3)
Leigh Mills Miller (F.)
Lavex

OILS (2)
Premier Cons. Viking Oil

TEAS (1)
Lawrie Plantations

NEW LOWS (32)

AMERICANS (1)
Chrysler

BANKS (2)
Copenhagen H'bank Grindlays

BEERS (1)
Belhaven Brewery

BUILDINGS (1)
Mowlem (J.)

CHEMICALS (1)
Scot. Agric. Inds.

STORES (1)
Lincroft Kilgour

ENGINEERING (7)
A.I. Ind. Products Habit Precision
Bailey (C. H.) Molins
Edbro Priest (B.)
Garton Eng.

FOODS (1)
Bassett (G.)

HOTELS (1)
Wheeler's

INDUSTRIALS (7)
Bridgend Processes Hollis Bros.
Bruntons (Musselb.) Smiths Inds.
Canning (W.) Staffs. Potts.
Friedland Doggart

LEISURE (1)
Black & Edgington

MOTORS (1)
Kenning Motor

TEXTILES (2)
Snia Viscosa Priv. Toray

TRUSTS (2)
Glenmurray Inv. B Dalgety

OVERSEAS TRADERS (2)
Borthwick (T.) Utd. City Merchants

MINES (1)
De Beers Dfd.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	13	—	[illegible]
Industrials	271	172	871
Financial and Prop.	115	[illegible]	341
Oils	14	6	[illegible]
Plantations	4	2	[illegible]
Mines	54	31	[illegible]
Others	50	30	77
Totals	524	[illegible]	[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 24	Aug. 6	Oct. 18	Oct. 29
Aug. 7	Aug. 20	Nov. 1	Nov. 12
Aug. 21	Sep. 3	Nov. 15	Nov. 26

For rate indications see end of Share Information Service

In a more active trade than of late, calls were done in Lonrho, Inter-City, St. George Assets, KCA, Town and City, Rivington Reed, Comben, Bambers, Wearwell, Green's Economiser, Sandeman, Bernard Sunley, Pacific Copper, Coalite, Belhaven, Spillers, Christopher Moran and Maple. A put was completed in Consolidated Gold Fields, and doubles to be arranged included Tricentrol, Stylo and Lonrho.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	7	327	+ 4	415	314
Weeks Petroleum	$US0.10	7	205	− 5	210	110
BSR	10p	6	50	+ 1	85	45
Barclays Bank	£1	6	435	+ 3	514	360
Courtaulds	25p	6	84	—	122	82
BAT Inds.	25p	5	280	+ 3	362	255
Beecham 'New'	25p	5	134	+ 1	134	130½
BP	£1	5	1,185	+10	1,295	882
Distillers	50p	5	237	+ 2	259	198
GEC	25p	5	361	+ 3	456	311
Lex Service	25p	5	96	+ 3	119	72
Marks & Spencer	25p	5	112	+ 1	134	83
NatWest Bank	£1	5	330	+ 2	406	278
Plessey	50p	5	110	+ 2	118	101
Shell Transport	25p	5	354	+ 4	402	278

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
**	F.P.	24/8	75	60	Arrow Chemicals	71		b2.0	2.3	4.0	15.4
80½	F.P.	27/7	108	95½	Fairline Boats	102		b4.5	3.6	4.9	7.3
160	F.P.	6/9	187	175	Mercantile House	185		10.72	2.5	8.5	7.4
**	F.P.	10/8	47	26	Mettoy Dfd.	26					
**	F.P.		35	30	St. George Assets10p	33	−1	bd1.0	1.6	4.3	21.3
160	F.P.	6/8	192	178	StandardTel.&Cables	192	+2	b8.0	2.1	6.9	11.

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
*91	F.P.	21/9	87	86½	Aurora 8½ Conv. Cum. Pref.	87	
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	92	
*96½	£10		11½	8¾	Essex Water 8% Red Pref. 1984	11¼	
100	F.P.	27/7	115	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979 85	112	
**	F.P.		73	73	Lonrho 9% 2nd Mort. Deb. 87.92	73	
**	F.P.		89½	89½	Do. 12¼% 2nd Mort. Deb. 85 90	89½	
**	F.P.		97	97	Do. 12½% 2nd Mort. Deb. 80 85	97	
97	Nil		98½	97½	Scot. Agricultural Sec. 13% Deb. 97.99	98	
100p	—		102	100	Stonehill 10% Cum. Prf.	100	
*92	F.P.	24/8	101	100¼	Sund. & S. Shields Water 8% 1986	101	
*98	£10	18/10	15	10½	Wrexham Water 8% 1984	13	

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p:	+ or −
14	Nil			4pm	4pm	Abwood Machine Tools	4pm	
25	Nil			45pm	43pm	Bank & Commercial	44pm	
A$2	Nil			41pm	37pm	Bank of New South Wales	41pm	+1
36	F.P.	9/7	10/8	41	36½	Causton Sir (J.)	41	+1
65	F.P.	17/7	10/8	90	82	Century Oils	86	+1
52½	F.P.	10/7	10/8	60	55	Combined English Stores	58	
30	F.P.	3/8	24/8	41	40½	Control Securities	40½	
25	Nil	8/8	10/8	4pm	3pm	Edinburgh & Gen.	3½pm	
195	F.P.	20/7	10/8	225	208	Elliott (B.)	208	
25	Nil	15/8	17/8	26pm	13pm	Goodkind (W.)	14pm	
60	F.P.	5/8	7/9	82	77	Goldberg (A.)	81	−1
126	F.P.	29/6	10/8	148	131	Grand Metropolitan	148	+2
50	F.P.	6/8	31/8	121	100	Hanson Trust	115	+3
47	F.P.	30/7	28/8	50	47½	Hargreaves	49	
115	Nil	—	—	14pm	9pm	Hay's Wharf	9pm	−1
88	F.P.	27/7	24/8	101	91	Highland Dist.	96	
155	F.P.	13/7	24/8	208	182½	Holt Lloyd Intl.	204	
110	F.P.	5/7	7/9	114	107	Intl. Timber	111	+1
30	Nil	—	—	8½pm	8pm	Lennons	8pm	−½
100	Nil	—	—	3pm	3pm	London Inv. Trust	3pm	
25cts	Nil	15/8	17/8	1pm	Nil	Ovenstone	Nil	
60	F.P.	20/7	10/8	129	110	Sound Diffusion	124	+4
108	F.P.	27/7	20/8	205	126	Stylo Shoes	205	+11
57	F.P.	20/7	24/8	69½	60	UBM	69½	+½
87	F.P.	15/7	10/8	110	94	W.G.I.	106	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *u* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Aug. 6, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Aug. 3 Index No.	Thurs., Aug. 2 Index No.	Wed., Aug. 1 Index No.	Tues., July 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.33	+0.4	18.15	6.02	7.12	235.38	235.02	234.69	233.63	235.96
2	Building Materials (27)	219.68	−0.2	18.99	6.08	6.87	220.12	220.05	219.26	218.37	235.78
3	Contracting, Construction (28)	349.63	−0.1	26.10	6.18	4.79	350.03	349.95	346.69	346.29	376.49
4	Electricals (15)	584.32	+0.8	13.34	3.96	10.29	579.94	577.66	577.28	572.01	505.39
5	Engineering Contractors (12)	361.48	−0.2	20.27	6.70	6.16	362.03	364.31	365.80	365.88	346.46
6	Mechanical Engineering (74)	172.79	+0.8	19.46	6.69	6.54	171.43	171.19	171.19	170.65	187.27
8	Metals and Metal Forming (16)	157.54	+0.2	19.86	9.50	6.26	157.21	156.88	157.02	156.80	174.80
11	CONSUMER GOODS (DURABLE) (52)	224.06	+0.3	16.26	5.07	7.72	223.29	222.76	222.41	222.12	215.71
12	Lt. Electronics, Radio, TV (16)	312.75	+0.4	12.70	3.82	10.19	311.52	310.61	310.44	309.79	261.66
13	Household Goods (13)	147.48	−0.5	19.75	7.40	6.21	148.16	148.89	147.27	147.14	204.50
14	Motors and Distributors (23)	110.19	+0.4	24.27	7.60	5.00	109.73	109.42	109.23	109.29	131.74
21	CONSUMER GOODS (NON-DURABLE) (171)	233.70	+0.7	16.75	6.05	7.45	232.11	230.92	229.93	227.74	237.52
22	Breweries (14)	278.59	+0.4	16.28	5.43	7.33	277.39	275.56	274.05	273.37	234.92
23	Wines and Spirits (6)	328.35	+0.6	16.74	5.47	7.46	326.34	326.08	323.43	323.06	282.98
24	Entertainment, Catering (17)	303.62	+0.6	16.38	6.70	8.04	301.70	299.50	297.50	293.06	269.09
25	Food Manufacturing (19)	200.36	+0.7	19.76	6.60	6.30	198.87	198.18	196.93	193.75	208.48
26	Food Retailing (15)	306.40	+1.7	12.07	4.17	9.88	301.42	300.53	298.36	294.51	229.47
32	Newspapers, Publishing (12)	398.27	+0.3	23.75	7.31	5.91	397.20	396.48	392.52	389.95	400.23
33	Packaging and Paper (15)	123.37	+0.8	23.83	9.03	5.43	122.41	122.61	121.95	121.25	146.93
34	Stores (41)	240.34	+0.7	12.16	4.31	10.81	238.79	237.01	235.60	234.75	285.61
35	Textiles (23)	150.49	−0.4	24.28	10.29	5.21	151.04	149.66	150.04	149.01	182.79
36	Tobaccos (3)	239.13	+0.6	24.00	9.30	4.74	237.64	237.14	239.73	232.60	252.47
37	Toys and Games (6)	72.56	+5.1	23.82	9.28	5.33	69.07	67.87	66.74	65.66	118.25
41	OTHER GROUPS (99)	194.53	+0.6	16.40	6.46	7.52	193.36	192.49	192.63	191.97	212.37
42	Chemicals (18)	270.28	+0.9	18.77	7.15	6.22	267.86	265.73	266.64	266.01	298.43
43	Pharmaceutical Products (7)	213.01	+0.7	13.17	5.14	9.28	211.53	209.42	211.55	210.50	277.08
44	Office Equipment (6)	117.57	+0.8	17.06	7.05	7.36	116.58	117.17	115.67	114.75	138.62
45	Shipping (10)	438.87	−0.2	18.71	6.84	12.50	439.80	440.48	442.37	443.04	424.08
46	Miscellaneous (58)	231.70	+0.4	16.81	6.33	7.69	230.73	230.39	229.36	228.53	228.19
49	INDUSTRIAL GROUP (494)	231.14	+0.6	16.98	6.07	7.40	229.82	228.93	228.42	226.98	227.84
51	Oils (6)	652.55	+0.9	12.18	5.16	8.73	646.46	637.16	633.75	641.41	490.62
59	500 SHARE INDEX	265.10	+0.6	16.12	5.90	7.61	263.41	261.89	261.16	260.38	238.06
61	FINANCIAL GROUP (116)	185.64	+0.5	—	5.63	—	184.74	183.66	182.22	179.62	174.88
62	Banks (6)	219.63	+0.7	36.98	5.83	3.46	218.17	217.78	216.39	212.18	187.02
63	Discount Houses (10)	252.95	−0.4	—	7.26	—	254.01	253.13	251.65	254.37	218.69
64	Hire Purchase (5)	161.17	+1.5	20.59	5.39	6.22	158.77	159.36	158.89	157.40	161.43
65	Insurance (Life) (10)	148.29	—	—	6.86	—	148.31	146.66	145.07	143.89	153.96
66	Insurance (Composite) (8)	122.82	+0.3	—	7.35	—	122.42	121.20	119.49	117.14	137.13
67	Insurance Brokers (10)	251.53	+0.6	19.90	7.29	7.19	250.04	246.79	242.16	236.49	366.50
68	Merchant Banks (14)	95.25	+0.2	—	5.78	—	95.05	94.83	94.72	94.33	82.22
69	Property (43)	351.09	+0.5	3.41	2.59	43.37	349.31	347.97	346.75	342.71	258.27
70	Miscellaneous (20)	115.12	+1.0	16.17	7.76	7.93	113.96	112.95	112.81	113.27	109.57
71	Investment Trusts (110)	202.25	—	—	5.60	—	202.22	202.31	201.37	200.42	230.60
81	Mining Finance (4)	116.45	−0.9	17.11	6.49	7.17	117.56	116.44	113.43	113.70	106.35
91	Overseas Traders (20)	328.15	+0.1	16.57	7.58	7.39	327.88	327.42	322.30	321.77	318.46
99	ALL-SHARE INDEX (750)	241.98	+0.5	—	5.89	—	240.68	239.38	238.31	237.14	230.30

FIXED INTEREST PRICE INDICES

	British Government	Mon., Aug. 6	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.49	−0.01	—	5.18
2	5-15 years	116.70	−0.01	—	6.59
3	Over 15 years	123.71	−0.03	—	7.50
4	Irredeemables	137.90	−0.31	—	7.24
5	All stocks	114.74	−0.08	[illegible]	[illegible]

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon., Aug. 6	Fri., Aug. 3	Year ago (approx.)
1	Low Coupons	5 years	10.29	10.26	8.65
2		15 years	10.22	10.20	10.79
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Mon., Aug. 6 Index No.	Yield %	Fri., Aug. 3	Thurs., Aug. 2	Wed., Aug. 1	Tues., July 31	Mon., July 30	Fri., July 27	Thurs., July 26	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.05	13.79	58.10	58.07	58.18	58.21	58.25	58.07	57.68	57.80
16	Investment Trust Prefs. (15)	50.69	13.82	50.69	50.69	50.93	50.93	51.23	51.08	51.60	51.56
17	Coml. and Indl. Prefs. (20)	71.68	13.91	71.85	72.48	72.48	72.21	72.22	72.22	72.22	70.04

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Inc. Tst.	106.8	112.4	.....	3.16
Abbey Capital	36.6	38.9	.....	4.74
Abbey Income	43.8	45.7	+0.1	6.64
Abbey Inv. Tst. Fd.	35.8	38.1	+0.1	5.54
Abbey Gen. Tst.	48.9	52.0	+0.2	4.68
Equitas Prog. Tst.	67.5	71.2	+0.4	4.76

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	99.6	103.8	.....	12.85

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.5	50.7	+0.4	4.83
Do. Accum.	63.6	68.0	+0.6	4.83

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 2	102.6	102.8	.....	4.86
Gross Inc. Aug. 2	73.8	76.2	.....	10.24
High Yield Aug. 2	86.7	89.2	.....	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD. 01-628 8131

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster July 30	38.2	40.2	.....	6.27
Exempt July 31	100.7	104.7	.....	6.40

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	51.9	54.6	.....	3.88

Murray Johnstone U.T. Mgmt. (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	66.7	71.0	.....	4.57

Dealing Day Friday.

Mutual Unit Trust Managers (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	50.7	54.1	+0.1	7.73
Mutual Inc. Tst.	70.8	75.2	+0.2	7.94
Mutual Blue Chip	45.0	48.4	+0.1	6.99
Mutual High Yld.	55.7	60.1	.....	9.38

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	135.5	144.0	+0.5	5.27

Quilter Management Co. Ltd.
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	127.6	132.6	.....	4.40
Quadrant Income	133.9	138.1	.....	8.55
Quadrant Intl. Fund	98.3	101.4	+3.2	1.68

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	67.2	71.8	.....	6.35
Sekforde T. (Acc.)	42.8	45.5	+0.2	5.72
Sekforde T. Inc.	40.0	42.8	-0.3	5.72

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Inc. UT	71.0	76.0	.....	3.11
Ridgefield Income	87.0	93.0	.....	9.79

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)
140, South Street, Dorking (0306) 86441

Am. Exempt	22.2	23.6	.....	4.45
Am. Growth	27.5	29.7	.....	3.94
Am. Smaller Cos.	33.0	[illegible]	+0.1	2.02
Exempt High Yld.	27.6	[illegible]	+0.1	8.24
Exempt Mkt. Ldrs.	29.5	[illegible]	+0.2	4.66
Extra Inc. Tst.	36.2	[illegible]	+0.2	9.88
Income Dist.	42.5	45.9	-0.1	9.52
Inc. 10% Wdrwl.	37.1	[illegible]	-0.1	—
Inv. Tst. Units	26.9	[illegible]	.....	5.28
Intl. Growth	46.2	49.7	+0.1	4.20
Market Leaders	31.3	33.8	-0.8	5.67
'Nil Yield'	29.0	[illegible]	.....	—
Pref. & Gilt Trust	22.9	24.6	.....	12.00
Property Shares	38.5	41.4	-0.3	2.10
Special Sit. Tst.	38.4	41.3	.....	1.90
U.K. Grth. Accum.	24.0	26.7	+0.1	5.18
U.K. Grth. Dist.	21.1	22.7	+0.1	5.18

J. Henry Schroder Wagg & Co. Ltd. (a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 31	107.2	115.3	.....	3.32

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	22.7	23.8	+0.1	8.91

Trades Union Unit Tst. Managers
100, Wood Street, E.C.2. 01-628 8011

TUUT August 1	52.7	56.1	.....	5.43

Transatlantic and Gen. Secs. (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican August 2	76.6	81.8	.....	6.90
(Accum. Units)	124.0	132.4	.....	6.90
Barb. Expt. July 25	72.5	74.1	.....	6.74
Buckhm. August 2	81.7	86.8	.....	5.13
(Accum. Units)	104.4	110.9	.....	5.13
Colemco July 27	132.4	139.4	.....	6.26
(Accum. Units)	166.1	174.9	.....	6.26
Cumd. August 1	53.2	57.1	.....	7.59
(Accum. Units)	61.1	65.5	.....	7.59
Glen July 31	54.2	57.8	.....	3.98
(Accum. Units)	71.8	76.5	.....	3.98

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$8.16		.....	—

Net asset value August 1

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.67	12.68	.....	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	124.0	128.0	+1.0	7.81

Next dealing August 20.

Gov't Secs. Tst.	88.5	92.0	-6.0	13.86

Next dealing date August 13.

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,347	1,481	+18	2.40
Bondselex	117.45	123.36	.....	2.40
Central Assets	148.87	148.92	+0.16	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.35	9.40	.....	11.75
Gilt Trust (I.o.M.)	105.5	108.4	-2.7	11.75
Gilt Fnd. Guernsey	9.85	9.91	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.96	22.10	.....	—

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Five to Fifteen Years

[illegible]

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BANKS AND HIRE PURCHASE

[illegible]

For Fraser Ansbacher see Ansbacher (H.)

266	178	Gerrard Natnl....	250	......	9.12	—	5.7	—
62	39	Gibbs (A.)........	30	......	2.2	—	6.3	—
270	217	Gillett Bros. £1.	220xd	......	t15.95	—	11.0	—

BANKS & HP—Continued

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
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AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	9	......	—	—	—
171	100	Bougainville 50 Toea	113	+1	Q15c	1.0	6.8
140	84	BH South 50c	103	+5	—	—	—
860	340	Central Pacific	700	......	—	—	—
318	170	Conzinc Riotinto 50c.	188	+2	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	18	−1	—	—	—
27½	11	Endeavour 20c	14	......	—	—	—
98	62	G.M. Kalgoorlie $1	80	+2	ZQ3c	—	1.9
42	23	Haoma Gold N.L.	28	+1	—	—	—
210	148	Hampton Areas 5p.	185	......	3.5	2.8	2.7
71½	25	Metals Ex. 50c	37	+1	—	—	—
275	163	M.I.M. Hldgs. 50c	182	+2	†Q9c	1.7	2.6
15	15	Minefields Expl.	15	......	—	—	—
74	30	Mount Lyell 25c	34	......	—	—	—
44	14	Newmetal 20c	15	......	—	—	—
141	91	North B. Hill 50c	100	+1	†Q6c	1.3	4.1
22	11	Nth. Kalgurli	17	......	—	—	—
40	22	Nth. West Mining	26	......	—	—	—
137	76	Oakbridge $A1	77	−1	Q12c	1.9	8.2
37	22	Otter N. L.	35	+1	—	—	—
130	58	Pacific Copper	98	+2	—	—	—
£10¾	625	Pancont 25c	712	......	—	—	—
25¼	15½	Paringa M&E 5p	19	......	—	—	—
510	268	Peko-Wallsend 50c.	292	+3	Q15c	3.5	2.7
340	145	Southern Pacific	279	−7	—	—	—
15	12	West Coast 25c	13	......	—	—	—
150	121	Western Mining 50c.	149	+4	†Q3c	0.7	1.0
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	55	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.81	1.3	14.9
435	265	Ayer Hitam SM1	280	......	Q300c	0.5	23.0
72	51	Beralt Tin	51	......	4.0	3.3	11.2
270	175	Berjuntai SM1	180	......	†Q110c	1.0	15.0
160	125	Geevor	135xd	......	8.71	3.1	9.2
10½	6	Gold & Base 12½p	8	−½	—	—	—
365	295	Gopeng Cons.	315	......	†12.0	1.4	8.2
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	84xd	......	†8.0	1.6	13.6
14	9½	Jantar 12½p	11	......	—	—	—
95	58	Kamunting SM0.50	68	−2	†Q12.5c	2.1	4.0
620	210	Killinghall SM1	340	......	—	—	—
465	365	Malay Dredging SM1	375	......	†175c	0.7	1.7
57	29	♦Pahang	29	......	—	—	—
123	60	Pengkalen 10p	110	......	4.5	1.2	6.1
275	195	Petaling SM1	200	......	†Q120c	1.3	12.9
85	62	Saint Piran	71	......	†2.03	6.5	4.1
58	45	South Crofty 10p	45	......	†4.19	2.0	13.3
230	170	South Kinta SM0.50	175	......	†Q145c	0.6	17.8
405	285	Sthn Malayan SM1	335	......	†Q190c	1.0	12.2
310	210	Sungei Besi SM1	250	......	Q520c	ϕ	60.2
75	40	Supreme Corp. SM1	40	......	ZQ10c	—	5.4
105	94	Tanjong 15p	95	......	7.5	0.7	11.5
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh SM1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	55	Messina R0.50	75	+3	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
61	54	Barymin	58	−2	—	—	—
13½	10	Burma Mines 17½p	11½	......	—	—	—
345	170	Cons. Murch. 10c.	255	......	ZQ30c	—	6.0
410	290	Northgate C$1	325	+5	—	—	—
362	226	R.T.Z.	270	−2	11.5	2.7	6.1
31	19	Robert Mines	25	+1	—	—	—
65	30	Sabina Inds. C$1	35	......	—	—	—
880	525	Tara Exptn. $1	550	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14⅛	+⅛	Q200c	ϕ	17.2
$15½	890c	East Drie R1	£12	+⅛	†Q115c	1.6	11.6
$10¾	350c	East Rand Prp. R1	925c	−25	†Q10c	—	1.3
$27⅞	$16¼	F.S. Geduld 50c	$24	+⅛	†Q315c	2.4	15.9
$19⅝	$11⅛	Pres. Brand 50c	$17⅛	+⅛	†Q155c	3.2	10.6
$18⅛	$10¼	St. Helena R1	$16	+⅛	†Q190c	1.4	14.4
760c	467c	Stilfontein 50c	635c	+5	†Q66c	1.7	12.2
$29½	$16¼	Vaal Reefs 50c	$29⅞	+¼	†Q280c	2.7	12.3
$57⅞	$28¾	West Drie R1	[illegible]	+⅛	Q615c	ϕ	17.2
$36½	$22¼	West Hldgs. 50c	$31½	−⅛	†Q375c	1.4	15.9
$18½	$10⅜	Western Deep R2	$14¾	+⅛	†Q247½c	2.1	13.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♠ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ♦ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday August 7 1979

Damaging Post Office dispute to continue

BY NICK GARNETT AND JOHN LLOYD

POST OFFICE members of the Society of Civil and Public Servants, who have been carrying out financially damaging industrial action for four months in support of a pay claim, have rejected by ballot an offer worth up to 20 per cent for some grades.

The union, whose Post Office group negotiators resumed talks with the management yesterday after the ballot result, will maintain the action.

The action, with that taken by members of the Civil and Public Services Association, has halted computer telephone billing, disrupted the introduction of engineering equipment, and affected other services, including the updating of telephone directories.

Members of the society voted 2,248 to 1,967 to reject the offer which provided for basic rate increases of 9 per cent, with 5 to 7 per cent for grade restructuring, 2 per cent for productivity, and 2½ per cent for changing the settlement date.

A similar offer has been accepted by the Post Office Engineering Union, while the 37,000 Post Office members of the CPSA are also being balloted on a matching offer. The result is expected to be fully known at the beginning of next week.

The action has cost the telecommunications business around £600m net in lost income so far. The business is continuing to borrow from the postal side at the rate of £10m a day.

However, postal cash reserves are running low and it is believed that the corporation will be forced to look elsewhere for funds in the immediate future. Its overdraft limit with the Bank of England was recently increased from £75m to £325m and it is likely to draw on that first.

Last month Sir William Barlow, the Post Office chairman, said that the loss of revenue had already cost the corporation £80m in profit in the current year. The figure is now expected to be around £90m.

That loss of profit is the interest which would have been received had the money being lent to the telecommunications business by the postal side been borrowed—as is normal—on the open market.

Senior Post Office executives believe that it will be difficult to achieve profit targets this year, partly because of the financial drain caused by the computer operators' action.

London Brick to spend £60m on new plants

BY MICHAEL CASSELL

LONDON BRICK plans to spend £60m on replacing most of its brick-producing capacity in Bedfordshire.

Together with proposals announced last month for a new brick plant at Whittlesey in Cambridgeshire, the plan forms a £75m, 15-year investment programme, the largest spending package announced by the company.

Mr. Jeremy Rowe, chairman of London Brick, said yesterday it was hoped that, as in the past, the investment would be financed out of the company's own funds.

Under the plans, the company intends to build two, 10m-bricks-per-week works at Stewartby and at nearby Ridgmont, the existing sites for London Brick's major Bedfordshire operations.

Planning permission is being sought from Bedfordshire planning authorities, which have been working closely with London Brick during the design stages of the project.

The redevelopment programme will entail the demolition of 98 chimneys up to 250 ft high in the Bedford area. They will be replaced by just four chimneys of nearly 460 ft.

Mr. Rowe said that brick production at Kempston, the remaining Bedfordshire brick works, where output now averages 2m-3m a week, will be continued "for the present time."

The new Whittlesey plant will have a capacity of about 5m bricks a week. With the Bedfordshire programme and other new works recently brought on stream, London Brick will be producing over half its output from units built since the start of the 1970s.

The company is now producing about 50m bricks a week against a maximum possible capacity of 65m-70m. It plans, by the end of its investment programme, to have a capacity of about 62m bricks a week, which it hopes will be sufficient to meet most peak demand periods and to keep production fully utilised rather than regularly tailored to major fluctuations in customer requirements.

Mr. Rowe said the company's plans, which would satisfy the demands of the market for the foreseeable future, were based on the assumption that the use of fletton bricks would rise because of their comparatively low price and the energy-saving content of Oxford clay.

He hoped that the first kiln to be provided at Bedford by the new programme could be in production in two to three years.

In 1978-79 London Brick recorded pre-tax profits of £14.09m against £12.17m in the previous year on turnover up from £91.35m to £111.30m.

Threat to main Bowater newsprint plant

BY JOHN LLOYD

THE FUTURE of newsprint production at Bowater, the paper making company, is in jeopardy, threatening 2,000 jobs at its main newsprint plant at Ellesmere Port, Cheshire, and a further 2,000 jobs in the supply industry.

The company has lost almost £1.5m on newsprint production in the first half of the year. The newsprint division, which produces 225,000 tonnes of paper a year and accounts for around 12 per cent of the company's total UK production, has swung between break-even and minor losses for the past five years.

Canadian and Scandinavian newsprint producers, who already supply 75 per cent of the UK's needs, now undersell UK-produced newsprint by up to £30 a tonne.

Dr. Ingram Lenton, chairman of Bowater UK, said last week: "If the Scandinavians and Canadians continue to hold down their prices and take our market, we would have nowhere else to sell. We would have to make severe cuts in our production."

Reed, the smaller of the two UK newsprint manufacturers with an annual output of 139,000 tonnes, has also sustained a loss on newsprint in past months. It has warned its customers that it may cease production entirely.

But Reed is better placed than Bowater. One third of its production is taken up by Mirror Group newspapers, part of Reed International, to supply part of its needs, and it uses waste paper for 70 per cent of its raw materials. Bowater relies largely on more expensive wood pulp.

Mr. Jonathan Benn, chairman of Reed Paper and Board UK, said yesterday that any future for newsprint production at Reed "would be based on recycled waste paper."

The root cause of the UK companies' problems is the fall in the value of the dollar, especially against the pound, in the past six months. This fall, coupled with the operation of a currency clause agreed by foreign and domestic newsprint suppliers in 1977, has meant that Canadian suppliers have a strong competitive edge over UK and, to a lesser extent, Scandinavian suppliers.

The currency clause provided for a rebate of £1.34 per tonne of newsprint for every cent by which the dollar weakened against the pound over a rate of $1.75. The dollar's fall has meant that rebates from the base price of £255 were well over 50, which meant that the UK companies were selling at a loss.

Abandoned

Both companies have abandoned the currency clause as originally negotiated. Bowater's new formula still uses the $1.75 base, but with a cut-off point of $2.05. Reed gives a flat 10 per cent rebate on £255, giving a net price of £229.50, compared with Bowater's £233.68.

By contrast, Canadian and Scandinavian net prices are about £200-£215. It is believed, however, that only Canadian producers are profitable at this level and that the Scandinavians — who are for the moment offering the lowest prices — will have to raise them soon.

Both paper makers and newsprint users have held talks recently with the Government, and Dr. Lenton was waiting for a "considered reply." He was not hopeful that either the Government or the newsprint users would do much to help the UK industry.

However, some newspaper managements are concerned that the loss of all UK production would place British newspapers at the mercy of foreign suppliers, who might then be able to force up prices.

At least one national newspaper is believed to be prepared to continue a high level of orders from UK mills to guarantee their future, and its management is seeking to persuade other newspaper groups to follow suit.

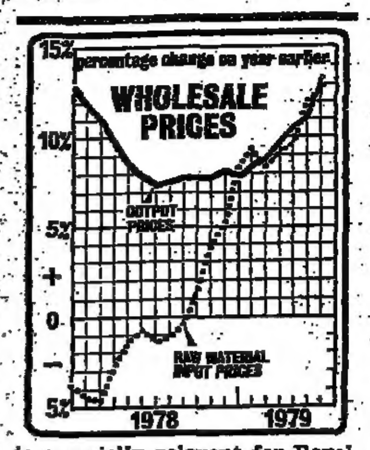
News Analysis, Page 7

THE LEX COLUMN

Industry passes on its costs

The stockmarket's firm conviction that inflationary pressures will soon begin to moderate was put to the test yesterday. Wholesale price figures showing a disquietingly vigorous trend were released against a background of muted trade union sabre-rattling. Output prices rose by 2½ per cent in July—only half the increase was attributable to oil-based products — and although raw material input costs were barely changed, the June figure had been revised upwards to show a rise of 2.2 per cent, rather than 0.6 per cent, over May.

Index rose 2.1 to 459.6



The foreign exchange market was not in the mood to look far beyond the July figures, and sterling dropped 3 cents to around $2.24. But had the pound not been so strong over the last few weeks the wholesale price figures would have been even worse, and it seems likely that Britain's competitors will soon be publishing their own unhappy statistics. Sterling's fall yesterday may simply be the penalty for being first with the figures.

Or it may be that the foreign exchanges were worried by the domestic cost pressures in the British economy. The output figures certainly suggest that British manufacturers have been taking every opportunity to pass on higher costs in order to protect their profit margins. Their chances of raising prices further must be severely limited by the increasing competitiveness of imports. But if the present trend in output prices is not checked soon, the peak of retail price inflation is likely to be as high as the gloomiest expectations, 18 per cent or so. Input prices should now rise little further unless sterling falls steeply; the oil price seems stable and commodity prices have turned down.

Despite sterling's weakness yesterday gilt-edged held remarkably steady. In this market all eyes are on today's banking figures for the month to mid-July, particularly the bank lending figures. Yesterday brought more evidence of the strength of the June consumer boom, which to some extent the banking statistics will reflect.

Oil majors

A tricky financial public relations problem has built up for the international oil majors in the wake of this year's massive oil price rises—very large lumps of stock appreciation are set to appear in their earnings figures, particularly for the second quarter. The question is especially relevant for Royal Dutch/Shell and BP which continue to operate on a FIFO (first in, first out) accounting basis for stocks outside their North American operations.

Even the U.S. majors, which usualy employ LIFO (last in first out) accounting for inventories, have reported big earnings gains for the second quarter—with an average increase of almost 70 per cent. This includes Texaco, which as from 1979 has deftly switched to LIFO for its non-North American operations, and has thereby trimmed $238m in stock gains from its April-June earnings, which even so were more than doubled to $365m against $157m.

In Europe, Petrofina has taken advantage of the same accounting technique and in the process has lopped BFr 2.8bn from first half earnings which despite this jumped from BFr 2.23bn to BFr 3.94bn. But it is not so easy for a company following UK accounting standards to follow suit, and the signs are that the coming second quarter results from the Shell Group (a week on Thursday) and BP will be substantially more swollen by stock appreciation than were the first quarter figures. In January-March, stock gains were worth maybe £110m out of Shell's £550m or so before currency gains, and an estimated £50m out of the £282m net income reported by BP.

The major part of the surge in product prices took place in the second quarter, and has spilled over into the July-September period, when it is likely that a further, though smaller, element of stock appreciation will occur.

But whether an oil company derives any cash benefit from such stock "profits" depends on the speed with which higher crude oil costs can be passed on. It appears that the majors have achieved a fairly quick "flow through" of prices this year, especially in markets like the UK and Germany. The snag is, however, that many oil producing countries have been sharply reducing the length of credit granted on purchases of crude—a move by Saudi Arabia in this direction cost Texaco, for instance, around $1bn in accelerated payments in late June and early July. In such unstable conditions, profits and cash flow may not tell the same story.

Currency futures

Seasoned observers of the foreign exchange markets, always on the lookout for fresh explanations for the sometimes irrational gyrations in exchange rates, are starting to focus on a new scapegoat. Part of the blame for the recent sharp movements in sterling is now being laid at the door of the fast growing Chicago foreign currency futures market. As yet the evidence is very subjective but there are indications that speculative activity on the International Monetary Market in Chicago early last week had some impact on the spot markets the following day.

Compared with activity in some other commodities, such as gold, turnover in foreign currency futures is still relatively small beer. Last Tuesday the number of sterling futures contracts traded reached a new peak of 5446. This was still below the respective daily peaks of 6468 and 7254 for the Japanese yen and the German Mark but interest in sterling is growing rapidly. Four years ago the number of contracts traded in sterling amounted to 33,500 annually. Since then the number has more than doubled each year and could reach 400,000 in 1979. This implies a trading turnover of £10bn per annum.

As yet the traditional foreign exchange markets play down the importance of the Chicago currency futures market. But in the gold market the futures trading is already a very important influence and both the Federal Reserve and the U.S. Treasury are known to be worried about the influence of interest rate futures on domestic debt management. The time may not be too far off when they become equally concerned about the influence of the futures markets on the foreign exchange markets.

Co-ops hit by price war plan merger

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TWO LEADING co-operative retail societies in South London and the South-east are planning to merge in response to fierce trading competition in the High Street. The management boards of the Royal Arsenal society and the South Suburban society have agreed in principle to the move. It would create a business with sales this year of over £200m, making it four-fifths the size of British Home Stores. Detailed talks are being held and, subject to ratification by members of both societies, the merger could be completed by the end of the year.

The new society would be firmly established as Britain's third largest retail Co-op behind Co-Operative Retail Services, with sales of over £400m a year, and the London Co-op, with an annual turnover of £215m. The Royal Arsenal is third in size at present, with sales of about £140m.

Two other small south-eastern societies—Invicta and Sittingbourne—may decide to join the merger, making the new society the second largest with an annual turnover in excess of £250m.

Although the proposed merger is in line with long-standing plans in the co-operative movement for fewer and bigger societies, the impetus for change has been the food price war over the past few years.

The Royal Arsenal has made trading losses of almost £2m over the past two years, while the South Suburban society made a loss of almost £250,000 last year after dividend payments.

If the merger goes ahead, the new society will have about 300 stores throughout much of London's southern suburbs as well as large parts of Kent and Surrey.

Store closures seem likely, arising both from rationalisation of the two societies as well as the continuing need to shut small uneconomic units.

The merger will not affect the current moves to establish a national trading organisation for the co-operative movement. It would be based on a merger of CRS, the only retail co-op whose operations are not confined to any one geographical area, and the Co-Operative Wholesale Society. But such a merger is still in the early discussion stages and its prospects remain doubtful.

Continued from Page 1

Thatcher

conference were that the constitutional conference which Britain is to convene will be held in London; and Mrs. Thatcher did not expect any British troops to go to Rhodesia to fulfil the supervisory role that the UK has undertaken, if and when there are fresh elections.

Further details of the weekend discussion that led to the final communique emerged yesterday. Mrs. Thatcher wanted to keep the British Government's hands as free as possible for the coming months. In the event a commitment to both a constitutional conference and fresh elections were both included in the communique.

A key clause is that relating to supervision of the election.

Elinor Goodman writes: Labour support for the broad shape of the Rhodesia proposals was given yesterday by Mr. Peter Shore, shadow Foreign Secretary, as a small group of right-wing Tory back benchers continued to make belligerent noises about the agreement.

When he spoke on BBC Radio Mr. Shore welcomed the agreement, but gave a warning that there was still a long way to go.

Some Right-wingers continued to protest at "a sell out." Mr. Nicholas Winterton accused Mrs. Thatcher of having executed "a disastrous U-turn."

He said he would be writing to the Chief Whip, suggesting that Parliament might have to be recalled and telling him that the Government would no longer be able to rely on his support through "thick and thin."

With an absolute majority of 43, the Government could certainly carry on without the support of a few of its back benchers, but indications yesterday were that a serious rift could be avoided if everything went to plan.

James Bartholomew writes: Rhodesian bonds quoted in London rose sharply yesterday. Southern Rhodesia 2½ per cent 1965/70 jumped 4p to 93p and the 6 per cent 1978/81 stock gained 5p to 130p.

Both these stocks are at their high for the year and the 2½ per cent stock is more than double its 1979 low of 43p.

Interest and capital due on 123 Rhodesian bonds have not been paid to British residents since 1966, the year after the Unilateral Declaration of Independence. Simon and Coates, the stockbrokers, estimate that £26m of capital and £19m of accrued interest will be due to British holders by the end of this year.

Australia to sell big uranium stake

BY OUR SYDNEY CORRESPONDENT

IN A significant loosening of its control over the uranium mining industry, the Australian Government yesterday announced it will sell its 50 per cent stake in the big Ranger deposit. Ranger lies in one of the world's richest uranium areas, the East Alligator River region of the Northern Territory.

The decision was immediately condemned by Labor Party opposition, and by the other partners in the project, Peko-Wallsend and EZ Industries, the two Australian companies which proved the Ranger deposits almost a decade ago.

A spokesman for the companies said last night that they would seek to arrange for an Australian consortium of "mining and financial interests" to buy up the 50 per cent share.

However, there is certain to be strong overseas interest in buying into Ranger, which has at least 108,000 tonnes of proven uranium. The project was the first of the four Northern Territory deposits to be given the go-ahead last year. Preliminary construction work has already started during the current Northern dry season. Mining is expected to begin in 1981.

Speculation has already spread here that a major British interest will attempt to buy in. Recently British Petroleum obtained a 49 per cent interest in the major uranium-copper-gold prospect Roxby Downs in South Australia.

Under the extremely generous buy-in terms, BP will pay all the £25m for a feasibility study and guarantee to find the finance for the development, estimated to cost as much £500m sterling.

The Government's official policy is that no foreign company can hold more than 25 per cent of an Australian uranium prospect. However, earlier this year the Government relaxed this to allow a 50 per cent overseas stake providing control over the management of the project remained in local hands.

Foreign companies which have an interest in Australian uranium are Getty Oil, Esso, Urangaschellschaft of West Germany and, most recently, BP.

Yesterday's statement did not make clear whether the Government would welcome a foreign bid. Its motives for selling the stake are a mixture of ideological opposition to Government involvement in mining — the original purchase was made by a Labor administration five years ago — and the revenue it will gain from the high purchase price expected.

Mr. Lionel Bowen, the acting leader of the Labour Party, yesterday attacked the Government's move as "irresponsible."

Abu Dhabi gas find

AL-AIN, ABU DHABI—Mr. Tahnoun Bin Mohammed, chairman of the Abu Dhabi National Oil Company, confirmed the dsicovery of a new gas field off the Abu Dhabi coast.

In an interview with the official Emirates News Agency, he described the gas field, at Khuff, in the Umm Al-Shaif region, as a major find. Abu Dhabi oil officials recently said the find was encouraging, and deep drilling was taking place to determine its size.

Mr. Tahnoun also said work on a new plant to produce ammonia from natural gas will begin next year, at a cost of $350m.

Reuter

Continued from Page 1

Manufactured goods

Consequently, the materials cost index has increased by 9.2 per cent in the past six months compared with 3.4 per cent in the previous half-year.

The increase in this index would have been much larger but for the appreciation of sterling. This is highlighted by the contrast between an increase of just over 27 per cent in the dollar cost of world commodities in the last 12 months and a 9¼ per cent rise in the sterling cost.

Last month, for instance, the cost of materials bought by manufacturing industry outside the food and drink sectors was virtually unchanged as higher crude oil prices were partially offset by the rise in sterling. After excluding crude oil, raw materials fell 1¾ per cent.

Weather

UK TODAY

MOSTLY cloudy, outbreaks of rain.

London, S.E. England, E. Anglia, E. Midlands, Channel Is.
Cloudy, some heavy rain. Max. 23C (73F).

E., N.E., N.W., Central N., S.W. England, W. Midlands, Lakes, Wales, Isle of Man
Some heavy rain. Becoming brighter with scattered showers. Max. 21C (70F).

Scotland and N. Ireland
Showers, prolonged at times, suny intervals. Max. 19C (66F).

Outlook: Sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Algiers	S	32	90	London	F	22	72
Amsdm.	F	21	70	Luxmbg.	S	25	77
Athens	F	33	91	Madrid	S	33	91
Bahrain	S	36	97	Majorca	S	31	88
Barcina.	S	29	84	Malaga	S	36	97
Belfast	R	18	64	Malta	S	34	93
Belgrd.	S	25	77	M'chstr	C	19	66
Berlin	F	21	70	Melbne.	S	12	54
Biarritz	C	23	73	Milan	S	29	84
Bmghm.	C	21	70	Montreal	C	18	64
Blackpl.	C	20	68	Moscow	C	18	64
Bordx.	S	25	77	Munich	S	25	77
Boulgn.	F	19	66	Nairobi	S	23	73
Bristol	C	20	68	Naples	S	32	90
Brussels	S	25	77	Nwcstl	C	20	68
Budpst.	F	25	77	N. York	C	29	84
B. Aires	R	16	60	Nice	S	28	82
Cairo	S	35	95	Nicosia	S	30	86
Cardiff	R	18	64	Oporto	F	22	72
Cas'b'ca	S	24	75	Oslo	S	20	68
Cape T.	C	15	59	Paris	S	26	79

		Y'day midday °C	°F			Y'day midday °C	°F
Chicago	S	24	75	Perth	S	9	48
Cologne	F	25	77	Prague	F	22	72
Cphgn.	F	17	63	Reykjvk.	S	14	57
Corfu	S	35	95	Rhodes	S	32	90
Dublin	F	20	68	Rio J'o	S	27	80
Dbrvnk.	S	27	81	Rome	S	32	90
Edinbgh.	R	17	63	Salzbrg.	S	27	81
Florence	S	35	95	Singapr.	C	26	78
Frankft	S	24	75	Stckhm.	F	18	64
Funchal	S	23	73	Sydney	C	17	63
Geneva	S	28	82	Tangier	S	25	77
Gibrltr	S	29	84	Tehran	S	28	82
Glasgow	R	16	61	Tel Aviv	S	28	82
G'rnsey	F	18	64	Tenerife	S	20	68
Helsinki	F	17	63	Tokyo	S	31	88
H. Kong	C	30	86	Toronto	C	21	70
Innsbrk.	F	24	75	Tunis	S	40	104
Invrnss.	C	18	64	Valencia	F	30	86
I.o. Man	F	16	61	Venice	S	28	82
Jersey	F	19	66	Vienna	F	24	75
Jo'burg	S	19	66	Warsaw	F	18	64
Lisbon	S	24	75	Zurich	S	26	79
Locarno	S	28	82				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.